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Review of the efficiency of the administrative and financial functioning of the United Nations

Towards an accountability system in the United Nations Secretariat

Report of the Secretary-General

Summary

Accountability represents the obligation of the Organization and its staff members to be answerable for delivering specific results that have been determined through a clear and transparent assignment of responsibility, subject to the availability of resources and the constraints posed by external factors. Accountability includes achievement of objectives and results in response to mandates, fair and accurate reporting on performance results, stewardship of funds, and all aspects of performance in accordance with regulations, rules and standards, including a clearly defined system of rewards and sanctions.

The present report is submitted in response to General Assembly resolution 63/276, in which Member States requested the Secretary-General to submit a comprehensive report on accountability, including on 11 specific topics. In addition to a proposed definition of the term "accountability", the report includes eight recommendations for strengthening accountability in the United Nations Secretariat, which are presented in the relevant sections and in a complete list at the end of the report. Annex I contains a description of the current accountability system in the United Nations Secretariat. Annex II proposes a detailed plan and road map for the implementation of the enterprise risk management and internal control framework. Annex III provides the response of management to address flaws in internal monitoring, inspection and accountability regarding the management of the oil-for-food programme.

The Secretary-General requests the General Assembly to endorse the components of the accountability system for the Secretariat as described in the present report and the related measures for increased accountability.

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I. Introduction

1. The present report is submitted to the General Assembly pursuant to resolution 63/276. It responds in particular to the issues raised in paragraph 9 of the resolution, which are listed below and which, for ease of reference, form the basic structure of this report:

(a) Definition of accountability and roles and responsibilities;

(b) Performance reporting;

(c) Implementation of the recommendations of oversight bodies;

(d) Personal and institutional accountability;

(e) Selection and appointment of senior managers;

(f) Reform of the performance appraisal system;

(g) Delegation of authority;

(h) Implementation of the results-based management framework;

(i) Results-based management information system;

(j) Enterprise risk management and internal control framework;

(k) How the current and proposed accountability mechanisms would have addressed the flaws in the management of the oil-for-food programme.

2. In the past four years, the Secretariat has submitted three reports on accountability in the United Nations Secretariat,[1] in which governance and oversight in the United Nations was reviewed and the larger accountability framework of the Secretariat was discussed. I share the belief of Member States that accountability is a central pillar of effective and efficient management that requires attention at the highest level. I wish to reiterate that I remain fully committed to advancing the capacity of the Organization in this regard. I also note the significant progress that has been made on accountability matters in recent years. Achievements include the establishment of the Ethics Office of the United Nations Secretariat; the promulgation of an effective whistleblower protection policy; the implementation of a rigorous financial disclosure programme; the introduction of a new internal justice system; and the strengthening of the independent oversight bodies, including the establishment of the Independent Audit Advisory Committee. The Secretariat has also been working constantly to increase its accountability for delivering results, at both the staff and organizational levels, for example by publishing the compacts of senior managers and the annual assessments of their performance towards achieving the objectives contained therein, as well as issuing and publishing on the Secretariat Intranet an interim programme performance report covering the first year of the biennium 2008-2009.

[1] Report of the Secretary-General on measures to strengthen accountability at the United Nations (A/60/312); report of the Secretary-General on the comprehensive review of governance and oversight within the United Nations and its funds, programmes and specialized agencies (A/60/883 and Add.1 and 2 and Add.1/Corr.1; and report of the Secretary-General on an accountability framework, enterprise risk management and internal control framework, and results-based management framework (A/62/701 and Corr.1 and Add.1).

3. Nevertheless, more remains to be done. General Assembly resolution 63/276 requires me to present clear measures and make concrete proposals on a range of issues. Wherever possible, I offer such recommendations in the present report and provide information on the most relevant actions taken at the strategic and policy level on matters under my purview since the issuance of my previous report (A/62/701 and Corr.1).

4. In some instances, however, I believe it is important to take a step back and review the existing structures, both in their ideal and current state, to better understand the foundation on which the organizational accountability system rests. The planning and reporting documents, in particular the strategic framework, the programme budget, the peacekeeping budgets and the performance reports, constitute a sine qua non for effective accountability. We need to forge a clear and common understanding of the expected accomplishments and objectives that Member States set for the Organization in order to align the processes, outputs and services of the Secretariat. Without the programme, planning and budget documents effectively guiding the way, other improvements further downstream may fall short of expectations.

5. In the present report, I outline the weaknesses of existing structures and suggest how they might be remedied. For ease of reference and to put these recommendations in context, I have included an overview of the current accountability system in the United Nations Secretariat in annex I. A detailed plan and road map for the implementation of the enterprise risk management and internal control framework that I propose is contained in annex II. Annex III contains an overview of the actions taken by the Secretariat to strengthen its accountability mechanisms in response to the weaknesses identified by the Independent Inquiry Committee in terms of internal monitoring, inspection and accountability regarding the management of the oil-for-food programme.

6. The challenge before us is formidable: strengthening an accountability system in an organization as complex as the United Nations is a daunting task and a continuous process. There is no predetermined finishing line and no set path on how best to proceed, as objectives and standards are likely to evolve over time in a system that itself keeps changing to meet the growing needs of the Organization. All stakeholders must work together in defining the components of our joint accountability system, identifying the areas that need strengthening and committing themselves to a process of continuous improvement.

7. As part of the consultation process I initiated in preparation for the present report, the Secretariat over the course of three months held more than 15 informal meetings with Member States, senior staff of the Secretariat and representatives from the United Nations system to discuss its content. The present report captures the essence of the ideas raised in our exchanges that related to the issue of accountability. It is my sincere hope that the report will help to advance our ongoing dialogue and move us forward on the path towards a more accountable United Nations.

II. Issues raised in paragraph 9 of General Assembly resolution 63/276

A. Definition of accountability and roles and responsibilities

8. The basic principles that provide the framework for accountability at the United Nations are enshrined in the Charter of the United Nations, which stipulates the purposes and principles of the United Nations and identifies the principal organs and their roles and responsibilities.

9. Under the Charter, it is the prerogative of Member States to provide mandates to the Secretariat through the resolutions and decisions emanating from the United Nations principal organs. Further, the Charter establishes that the Secretary-General is the Chief Administrative Officer of the United Nations (Article 97) and that the mandates promulgated by the principal organs of the United Nations are entrusted to him for implementation (Article 98). Accordingly, the Secretary-General is accountable to the Member States for the implementation of those mandates.

10. Pursuant to resolution 63/276, and after considering definitions of accountability by other United Nations entities,[2] I would like to propose the following definition:

> Accountability is the obligation of the Organization and its staff members to be answerable for delivering specific results that have been determined through a clear and transparent assignment of responsibility, subject to the availability of resources and the constraints posed by external factors. Accountability includes achieving objectives and results in response to mandates, fair and accurate reporting on performance results, stewardship of funds, and all aspects of performance in accordance with regulations, rules and standards, including a clearly defined system of rewards and sanctions.

11. Applied to the context of the United Nations, I understand this definition to imply a number of obligations for the United Nations Secretariat, namely:

(a) To conduct its work with a view to achieving the objectives and results established through clear mandates of Member States;

(b) To report fairly and accurately on performance results vis-à-vis mandated roles, plans and activities;

(c) To conduct its work in accordance with United Nations regulations, rules and procedures;

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[2] The United Nations Development Programme uses the Organization for Economic Cooperation and Development definition of accountability, which is "the obligation to demonstrate that work has been conducted in compliance with agreed rules and standards or to report fairly and accurately on performance results vis-à-vis mandated roles and/or plans". The definition by the United Nations Population Fund is as follows: "Accountability is the process whereby public service organizations and individuals within them are held responsible for their decisions and actions, including their stewardship of public funds, fairness, and all aspects of performance, in accordance with agreed rules and standards, and fair and accurate reporting on performance results vis-à-vis mandated roles and/or plans." The United Nations Children's Fund uses the following definition: "Accountability is the obligation to demonstrate that work has been conducted in accordance with agreed rules and standards, and that performance results have been reported fairly and accurately."

(d) To ensure that staff members adhere to the highest level of integrity and ethical standards expected of an international civil servant;

(e) To clearly specify and enforce a system of rewards for outstanding performance and sanctions for non-performance.

12. The point of departure for operationalizing the concept of accountability is the agreement, in essence a covenant, between Member States and the Secretariat expressed in the strategic framework, the programme budget and the peacekeeping budgets. Member States provide the mandates for what the United Nations aspires to achieve in a given cycle with the resources appropriated. The Secretariat is obliged to deliver the results established thereby, subject to availability of resources and constraints posed by external factors beyond its control.

13. These objectives and results are obtained, inter alia, through the work of its staff, who are obliged to adhere to the highest standards of ethical conduct. In this process, the Secretariat is required to respect rules and regulations and to follow a set of procedures that guarantee its proper functioning. The internal and external oversight bodies seek to provide assurance of the adequacy and effectiveness of these processes through independent and objective assessment.

14. The accountability structure of the Organization rests on six components:

(a) The Charter of the United Nations;

(b) The strategic framework, the programme budget and the peacekeeping budgets (the covenant);

(c) Delivery of results and performance (including a system of rewards and sanctions);

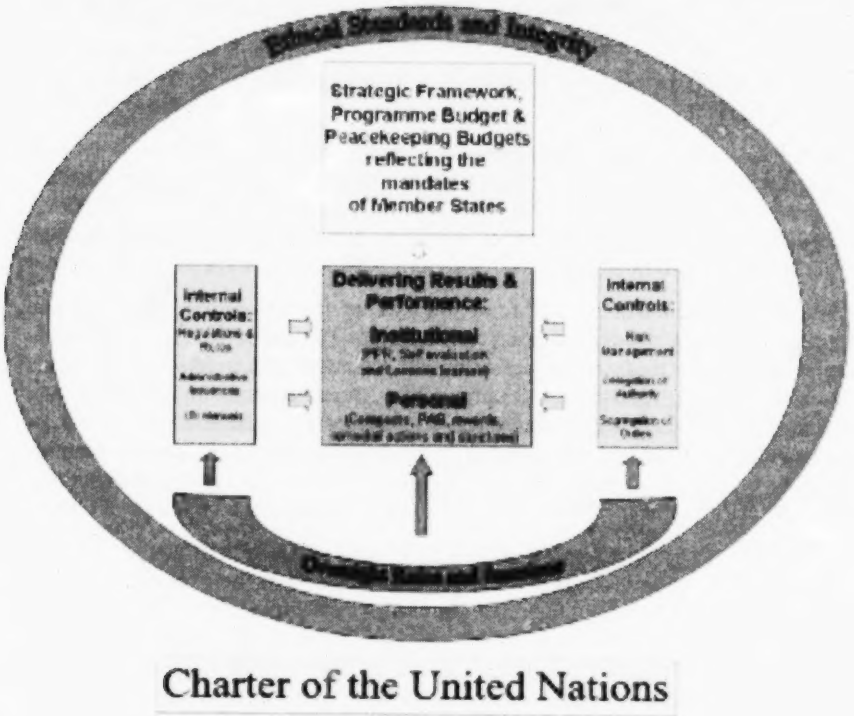
(d) Internal systems and controls;

(e) Ethical standards and integrity;

(f) Oversight roles and functions.

15. The interrelationships among these components and in the larger accountability structure of the Secretariat are reflected in the chart below.

Figure
Accountability structure


Strategic Framework, Programme Budget & Peacekeeping Budgets reflecting the mandates of Member States
Internal Controls:
Delivering Results & Performance:
Institutional
Personal
Internal Controls:
Charter of the United Nations

16. It is my sincere hope that the broad consultations held by the Secretariat in preparation for the present report have forged a common understanding of the existing structures and will allow the Organization to take the above definition of accountability as an agreed point of departure for future efforts to strengthen accountability in the Secretariat.[3]

B. Performance reporting

17. The Secretariat reports its performance to the General Assembly in the context of the established objectives of programme budgets at the end of every biennium (or the budget year) through the programme performance report, or in the case of departments and offices funded by the support account and peacekeeping missions, through annual performance reports. The programme performance report contains a description of progress towards achieving objectives and expected accomplishments by each programme, as well as explanations for any deviations or lack of progress where applicable.

[3] For a detailed description of the components of the current accountability system, see annex I.

18. Over the years, the General Assembly has made a number of recommendations on the format of the programme performance report and the support account and peacekeeping mission annual performance reports. These recommendations call for a better qualitative assessment of programme implementation and for reporting that is more closely aligned with the objectives, expected accomplishments and indicators of achievement (see resolution 61/235 and 59/275).

19. To strengthen the quality of performance reporting, three systemic issues need to be addressed:

(a) The formulation of the logical frameworks;

(b) The timing of the issuance of programme performance reports;

(c) The capacity of the current management information systems to link results achieved to resources used.

20. The logical frameworks that are at the core of the programme planning and budgeting process are sometimes poorly formulated. The broad strategic objectives and priorities of the Organization are often not linked to those at the lower levels and are not clearly formulated or attainable. Expected accomplishments and associated indicators of achievement are sometimes formulated at the level of activities and outputs and do not necessarily lend themselves to the achievement of established objectives. Indicators of achievement do not always constitute meaningful performance measures. External factors are not based on an appropriate risk assessment.[4]

21. Issuing the programme performance report at the end of the first quarter of the year following the biennium reduces its usefulness to Member States for budgetary decision-making, as it becomes available only after decisions have already been taken in relation to the next biennium. I note that the assessment presented by the Secretariat to Member States at the fifty-seventh session of the General Assembly still stands: that "the existing systems for reporting and evaluating the performance of programmes have no practical impact on future plans and resource allocation decisions" (A/57/387 and Corr.1, para. 164).

22. Finally, the current information management systems do not link information on results to resources used at the programme or subprogramme levels. This disconnect renders it difficult for Member States to estimate the costs associated with implementing mandates or reaching specific results. A tool to address this issue, a results-based management module, will be included in the Umoja (enterprise resource planning) system.

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[4] Some of these weaknesses have been described in previous reports of the Secretary-General and the oversight bodies, such as the report of the Secretary-General on an accountability framework, enterprise risk management and internal control framework, and results-based management framework (A/62/701 and Corr.1); the report of the Office of Internal Oversight Services on its review of results-based management at the United Nations (A/63/268), which concluded that "Results-based management at the United Nations has been an administrative chore of little value to accountability and decision-making"; the report of the Joint Inspection Unit on an evaluation of results-based budgeting in peacekeeping operations (JIU/REP/2006/1, see A/60/709); and the series of reports of the Joint Inspection Unit on managing for results in the United Nations system (JIU/REP/2004/5, JIU/REP/2004/6, JIU/REP/2004/7, JIU/REP/2004/8 and JIU/REP/2006/6, see A/59/607, A/59/617, A/59/631, A/59/632 and A/61/805).

Recommendation

To enable more performance-informed decision-making by Member States regarding programme plans and budgets, I produced as a pilot an interim programme performance report covering the first year of the biennium 2008-2009. I propose to supplement the comprehensive biennial programme performance report with an interim report on the progress made by the Secretariat towards achievement of expected results at the end of the first year of each biennium.

23. It should be noted, however, that the implementation of this recommendation would be most effective if the underlying problems with the logical frameworks, on which the programme performance report is based, could first be addressed, so that the information provided through the report would help Member States to determine whether the Organization is meeting its objectives.

Recommendation

I request Member States to continue supporting the implementation of the Umoja (enterprise resource planning) project, which incorporates, inter alia, the development of interoperable information management tools needed to effectively support results-based budgeting and eventually results-based management.

C. Implementation of the recommendations of oversight bodies

24. Oversight bodies have an important role to play in promoting a culture of compliance and integrity and in deterring mismanagement. They provide critical support to managers by independently assessing the adequacy and effectiveness of internal systems and controls. It is my firm belief that an important responsibility of managers in the Organization is to implement all accepted recommendations of the oversight bodies. The Management Committee has been charged with overseeing compliance in this regard.[5]

25. The Department of Management monitors departmental implementation of oversight recommendations and reports the implementation status to the Management Committee on a quarterly basis. The reports of the oversight bodies are also provided to the Committee for Programme and Coordination, the Advisory Committee on Administrative and Budgetary Questions and the General Assembly. In addition, the budget fascicles include a section reflecting actions taken by departments in response to oversight recommendations. This enables Member States to make informed decisions with regard to the accomplishments of the Organization and its level of compliance with rules, policies and procedures.

26. The Organization is fully committed to implementing the recommendations of the oversight bodies. I am pleased to report that we are beginning to see a positive

[5] In order to ensure timely implementation of oversight body recommendations, the Secretariat added to the core functions of the Management Committee the responsibility to "ensure that findings and recommendations of the Board of Auditors, the Joint Inspection Unit and the Office of Internal Oversight Services are effectively fed into the executive management processes, and that accepted recommendations are followed up and implemented in a timely manner" (ST/SGB/2006/14).

trend in the rate of implementation of such recommendations. It should be noted that there is a formal process by which recommendations are accepted or not by management. When they are not accepted, the relevant manager must provide a compelling explanation for non-acceptance. It might be that the oversight body insists on the need to implement these recommendations. In cases where management and the relevant oversight body continue to disagree, the case is raised to the Management Committee for a decision. To allow the Management Committee to take an informed decision and determine a possible course of action, I intend to require a mandatory risk assessment of the potential impact of non-acceptance of a recommendation. This assessment will be done in the context of the proposed enterprise risk management framework, as described in section J of the present report. I shall emphasize that the responsibility for the risk of non-implementation rests with management.

27. In keeping with the high premium I and Member States place on the timely implementation of oversight recommendations, and to improve the management of the Organization in this critical area, the Management Committee in 2009 initiated a more direct engagement and strengthened dialogue with all the oversight bodies. "Dialogue meetings" were held in 2009 with the Board of Auditors, the Office of Internal Oversight Services and the Independent Audit Advisory Committee. In early 2010, the Committee will meet with the Joint Inspection Unit.

28. These meetings were the first time that senior management had directly engaged the oversight bodies in a discussion and sharing of perspectives on oversight issues of mutual concern in this collaborative setting. Among the issues discussed were management concerns regarding the sheer volume of recommendations as well as duplication of recommendations among oversight bodies, and systemic risks and deficiencies encountered in the work of the oversight bodies.

29. The dialogue has been well received by the oversight bodies as a "significant development" in terms of their relationship with senior management and their reporting responsibilities to the General Assembly. Expected outcomes from this first series of dialogue meetings include an identification and assessment of systemic risks and deficiencies faced by the Organization and a plan by management to address them.

30. In support of this dialogue, the Department of Management intends to conduct reviews of the systemic risks identified and of which risks might benefit from systemic solutions. Systemic analyses will then provide the basis for more comprehensive solutions to Secretariat-wide issues and weaknesses and will broaden the scope of monitoring that is currently somewhat fragmented, as it is derived from data gathered at the level of each individual Department.

31. To strengthen the oversight regime further, the General Assembly, in its resolution 60/248, established the Independent Audit Advisory Committee as a subsidiary body of the Assembly to serve in an advisory capacity and to assist the Assembly in fulfilling its oversight responsibilities. By resolution 61/275, the terms of reference of the Committee were approved, including that the Committee will advise the Assembly on measures to ensure the compliance of management with audit and other oversight recommendations.

32. In June 2008, the Chair of the Management Committee wrote to the Chair of the Independent Audit Advisory Committee stating that the Management Committee was the high-level mechanism established under my authority to effectively feed the findings and recommendations of the oversight bodies into the executive management processes. The Chair of the Management Committee also pledged the support and cooperation of that Committee in supporting the work of the Audit Advisory Committee in its important advisory role for the General Assembly. In 2010, the Management Committee intends to issue a quarterly communication to the Chair of the Advisory Committee on progress in implementing oversight recommendations.

Recommendations

I encourage Member States to continue supporting the work of the oversight bodies of the United Nations, as they play an important role in promoting a culture of compliance and integrity and in deterring mismanagement in the United Nations.

I also encourage Member States to continue supporting the work of the Management Committee in feeding the findings and recommendations of the oversight bodies into the executive management processes, in ensuring the timely follow-up and implementation of those recommendations and in strengthening the dialogue with the oversight bodies initiated in 2009.

D. Personal and institutional accountability

33. The critical linkage between institutional accountability and individual accountability is established through the workplans contained in the annual performance compacts for senior managers and the performance appraisal system[6] for staff at all levels below that of the Assistant Secretary-General. Responsibility for results consistent with the approved organizational goals and objectives will thus cascade down through these workplans of successive levels of managers and staff.

34. These interlinked and cascading agreements between staff and managers constitute the fundamental and essential building blocks for holding staff accountable for the achievement of specific results. It is a basic tenet of accountability that each manager or staff member must have relevant resources at his or her disposal, and must have adequate authority and control over those resources to achieve the mandated results. As stated in a previous report on accountability, "accountability will be in direct proportion to the responsibility assigned and the authority delegated" (A/C.5/49/1).

35. Member States may recall that I have strengthened the system of compacts with senior managers over the past several years. In 2008, I extended the use of these compacts to include the Assistant Secretary-General level. Subsequently, I made the individual performance assessments available on the Secretariat Intranet to increase transparency to a level that I believe is unprecedented among international organizations. Starting in 2010 and following a recommendation by the Office of Internal Oversight Services, I will sign compacts with my special representatives

[6] The reform of performance appraisal mechanisms is discussed separately in section F of the present report.

and heads of mission in field operations led by the Department of Peacekeeping Operations, the Department of Field Support and the Department of Political Affairs. The compacts will serve as a mechanism to measure their performance and ensure a clear reporting line and accountability.

36. I believe it is critical to improve the integration of the objectives in the senior managers' compacts with the overall objectives of the Organization. As departmental performance should reflect that of the senior manager, I intend to institute a mechanism to review the programme performance report and the senior managers' compacts simultaneously by the Management Performance Board. To that end, I have amended the terms of reference of that Board to include the review of the programme performance report as one of its functions, in order to establish a link between the performance of individual senior managers and that of her or his department or office.

37. Furthermore, I have instructed the Department of Management to explore ways and means to relate the findings and decisions of the new system of administration of justice to the performance assessments of managers and staff at all levels. I also hope to use that information to identify and address systemic managerial issues affecting the performance of the entire Organization. The process will serve as a mechanism to monitor the use of decision-making authority by staff at all levels, and to reflect it in their performance appraisals and human resource action plans, when appropriate. For example, if a pattern of wrongful or improper decisions taken by the same manager is identified, I will take appropriate action to ensure that the responsible staff member is held accountable.

38. In addition, in the context of the proposed global field support strategy (see A/64/633), to be considered by the General Assembly later in 2010, consideration will be given to measures aimed at developing a culture of greater empowerment, accompanied by a more robust accountability framework for staff in the field with management and administrative responsibilities.

39. The administrative instruction on the performance appraisal system and the accompanying guidelines for using the system provide details of the individual assessment process, as well as actions to be taken in cases of poor performance. These actions range from developing a performance improvement plan to termination for unsatisfactory service.

40. At present, individual staff members are recognized for satisfactory performance by receiving a within-grade salary increment. However, there are very few mechanisms for recognizing or rewarding high-performing individuals. After a comprehensive review and broad consultations throughout the Secretariat earlier this year, I have authorized a reoriented UN 21 awards programme that will recognize outstanding initiatives by an individual or a team of individuals. The revised programme will follow a two-tiered approach that consists of a centralized and streamlined UN 21 awards programme and a decentralized recognition programme that heads of departments and offices can institute within their area of responsibility. Nominations for the 2010 UN 21 awards will be submitted in three categories: (a) climate change/greening the United Nations; (b) improvements in client services; and (c) inter-departmental initiatives. Special emphasis will be placed on contributions that further the objectives of the United Nations, show significant impact and innovation, and serve as good practices for the Organization.

41. Institutional performance is monitored and reported to Member States through the programme performance report (see sect. B). Other related issues, such as those regarding the strategic framework and the linkage between performance and resource allocation, are discussed in section H, on results-based management.

E. Selection and appointment of senior managers

42. Under General Assembly resolution 51/226, Member States have entrusted me with the discretionary authority to appoint staff at the level of Under-Secretary-General and Assistant Secretary-General, as well as special envoys at all levels. I have exercised this authority voluntarily with great care to ensure transparency and maintain the institutional safeguards of the process, while protecting the privacy of the applicants.

43. The main steps of the selection and appointment process are as follows:

(a) Upcoming openings are reviewed on an ongoing basis in order to commence the required selection process in a timely manner;

(b) Predetermined criteria, against which the candidates are to be reviewed, are established and reflected in the terms of reference of the interview panel and conveyed to the Member States when soliciting nominations;

(c) In order to ensure a diverse pool of qualified candidates for such positions, a notification is sent to Member States through a note verbale and an advertisement is placed in suitable print media and United Nations websites, as needed, to complement my own search efforts;

(d) In keeping with my desire to have a rigorous selection process, the consideration of the candidates includes review and advice by a panel of senior United Nations officials with relevant knowledge and experience drawn from the United Nations Secretariat and/or the funds and programmes, as well as outside experts as deemed necessary;

(e) At the conclusion of the process, the most suitable final candidates, of which at least one is a woman, are submitted to me for final decision;

(f) I personally interview the finalists, as appropriate, prior to making my decision;

(g) For some positions, consultation with intergovernmental bodies is required and conducted accordingly.

44. This clear approach enhances objectivity by recommending to me an inclusive and well-considered shortlist of senior personalities both inside and outside the Organization. It also enhances transparency by bringing to the attention of the Member States upcoming openings in a timely manner. It further aims to enable me to select the most competent candidates with due regard for geographical distribution and the gender representation of the Organization.

F. Reform of the performance appraisal system

45. The performance appraisal system is meant to link programmes mandated by the General Assembly to departmental, divisional, sectional and, finally, individual

workplans, constituting a fundamental accountability mechanism within the Organization. The system establishes each individual's contribution to and accountability for the achievement of agreed results. It allows individual goals to be clarified at the beginning of the cycle in the workplan, keep performance on track through ongoing dialogue, and evaluate performance at the end of the cycle.

46. The performance appraisal system currently used in the Organization suffers from weaknesses that hamper its effectiveness including:

(a) Inconsistency in the interpretation or application of the rating scales;

(b) Insufficient linkage to learning, career development and succession planning;

(c) Knowledge gaps among staff and managers regarding the performance management system;

(d) Uneven compliance with the performance appraisal system by staff and managers;

(e) Technical difficulties in accessing the performance appraisal system electronic tool remotely.

47. Pending a comprehensive revision of the performance management system, the Department of Management is taking a number of short-term measures to strengthen the performance appraisal mechanism. The Office of Human Resources Management is spearheading the development of a new electronic performance management tool as part of the talent management system, which is scheduled to be launched on 1 April 2010.

48. The issue of performance management is also related to the culture of the Organization, extending beyond the mere systems and tools available for assessing staff performance. I intend to promote a cultural change within the Organization whereby staff understand that they will be held accountable for the quality and timely delivery of their work and supervisors understand they will be held accountable for effectively managing their staff towards that end. Training will be essential to effect this cultural change.

49. Mandatory training on performance management will be instituted for all staff and managers, particularly those who supervise the work of others. Specific performance management components, such as providing feedback, setting goals and objectives, and addressing underperformance, are being reinforced in additional learning sessions. I am confident that these measures will equip staff and managers with the requisite skills to manage performance more effectively.

50. Pursuant to General Assembly resolution 63/250, I will be submitting a separate report to the Assembly at its sixty-fifth session on the reform of the performance appraisal system. Benefiting from broad consultations among all stakeholders that are currently still under way, the proposal will explore various issues, such as a possible 180/360 degree feedback mechanism, a strategy for mandatory performance training for managers and supervisors, strengthening the role of the Management Review Committee and the Joint Monitoring Committee (see ST/AI/2002/3) and creative ways to reward, recognize and motivate staff and strengthen the remedies to address underperformance.

G. Delegation of authority

51. Over the years my efforts to enhance accountability have been based on the premise that giving managers more authority and responsibility for decision-making is essential in order to improve the management of human and financial resources. As Secretary-General, I have requested the Deputy Secretary-General to oversee various administrative aspects of the Organization and to act on my behalf in this regard. I have also delegated financial, human resources management and procurement authority to heads of departments, offices, missions and tribunals through the Under-Secretary-General for Management (see ST/AI/2004/1 and ST/SGB/151). The granting of this latter authority is conveyed in a communication that defines its scope, expectations regarding its discharge and the manner in which it will be monitored. The Department of Management is responsible for monitoring the exercise of authority in these areas and for assisting staff to carry out their responsibilities properly. If deemed necessary, the level of authority can be reduced or the authority withdrawn. The delegation of authority entails the exercise of responsibility for ensuring full implementation of the relevant regulations and rules of the United Nations and related administrative instructions, an example of which is the delegation of financial authority, as laid out in administrative instruction ST/AI/2004/1. This delegation of authority is **personal** and the individual to whom authority is delegated is directly responsible to the Assistant Secretaries-General in each of the functional areas, to the Under-Secretary-General for Management, and ultimately to me.

52. The challenge of monitoring delegation of authority in various areas has grown in tandem with the increase in Secretariat operations and field missions over the years. The difficulties stem from inadequate management information systems that do not backstop the delegation process in a user-friendly and efficient manner. This has added cumbersome processes to the system of delegation of authority, and serious efforts are under way to streamline the current arrangements and strengthen accountability. I intend to clarify the responsibilities of all involved and streamline the mechanisms for effective and efficient delegation of authority by drawing on recommendations of the oversight bodies in this regard.[7] These include a clear vertical chain of command, effective policies to guide delegation of authority, provision of efficient systems of support, a central repository of all delegations, and continuous performance assessment.

53. In addition, I have instructed the Department of Management to lead an interdepartmental effort, to review and update the other types of delegation of authority existing in the Secretariat (substantive, institutional and by designation) to specify clear responsibilities in these areas and to achieve more efficiency in the implementation of these delegations of authority.

H. Implementation of the results-based management framework

54. The concept of results-based management was first introduced in the Secretariat by the Joint Inspection Unit, which included as part of its definition of results-based management not only the process of planning, programming,

[7] Audit report of the Office of Internal Oversight Services on management of delegation of authority (AH2007/510/1) and Joint Inspection Unit report (JIU/REP/2004/7, see A/59/631).

budgeting and evaluation, but also issues such as delegation of authority, accountability, staff performance management and contracts. The Joint Inspection Unit produced a series of reports on management for results[8] that were presented to the Committee for Programme and Coordination at its forty-fifth session. The conclusions and recommendations of the Committee at that session were endorsed by the General Assembly in resolution 60/257. It should also be recalled that the Assembly, in paragraph 3 of resolution 63/276, endorsed the conclusions and recommendations of the Advisory Committee on Administrative and Budgetary Questions and that the Advisory Committee, in paragraph 38 of its report (A/63/457), recommended to the Assembly that it should endorse my proposal (see A/62/701 and Corr.1, para. 104 (b)) for a results-based management framework, including its five principles, to foster a more results-oriented Secretariat by integrating and strengthening the cycle of strategic planning, budgeting, monitoring and evaluation.

55. The Joint Inspection Unit has defined results-based management as "a management approach focused on achieving results; a broad management strategy aimed at the way agencies operate, with improving performance (achieving results) as the central orientation".[9] As defined by the Office of Internal Oversight Services (A/63/268, para. 1), results-based management is "a management strategy by which the Secretariat ensures that its processes, outputs and services contribute to the achievement of clearly stated expected accomplishments and objectives. It focuses on achieving results and improving performance, integrating lessons learned into management decisions and monitoring of and reporting on performance". From both definitions, key concepts for the implementation of results-based management emerge: formulating objectives and selecting indicators to measure progress towards these objectives; collecting and analysing data on results to monitor performance; and integrating evaluations and lessons learned for management decisions. The General Assembly endorsed the principles of the results-based management framework I have proposed to establish the practice of results-based management in the Secretariat. This framework is based on the understanding that results-based management is a broad management approach that uses information about results for strategic planning, human resources and budgetary decision-making, performance measurement and learning (A/62/701 and Corr.1, para. 65).

56. The foundation of results-based management consists of a system of cascading elements that builds upon the "assumption of a logical hierarchy or chain of cause-and-effect relationships from inputs through outputs to outcomes" (A/63/268, para. 3). To put it simply, in the Secretariat, this chain is broken in several places, a fact that makes it impossible to advance the results-based management framework in a coherent and holistic manner and, at the same time, adversely affects the accountability framework of the Secretariat.

57. There are four critical links in the results-based management framework that are weak and must be addressed in order to advance implementation of results-based management in the Secretariat.

58. A first critical link is contained in part one of the strategic framework document, which defines the objectives of the Organization. During the biennium

[8] JIU/REP/2004/5, JIU/REP/2004/6, JIU/REP/2004/7 and JIU/REP/2004/8, see A/59/617, A/59/607, A/59/631 and A/59/632.

[9] JIU/REP/2004/6, box 1; see A/59/607.

2006-2007, Member States decided to take no decision on this part and to request me to prepare and propose a plan outline reflecting the longer-term objectives of the Organization based on a set of priorities defined by them and taking into consideration the outcomes of the intergovernmental conferences and summits, inputs from relevant programme managers, and the use of intergovernmentally agreed terms and expressions. They approved only part two of the strategic framework document, the biennial programme plan. A similar situation occurred during the biennium 2008-2009. Thus, the programme budget had to be developed in the absence of clearly stated mandated objectives that, under the covenant between Member States and the Secretariat, the Secretariat should have received. For the biennium 2010-2011, the Committee for Programme and Coordination, at its forty-eighth session, recommended that the General Assembly should further review the plan outline (part one) of the proposed framework for the period 2010-2011, so that it more accurately reflected the longer-term objectives of the Organization based on all mandates that had been approved by the Member States. The Committee also requested me to present future plan outlines (part one) of proposed strategic frameworks taking fully into account the guidelines provided by the General Assembly in its resolutions 59/275, 61/235 and 62/224, as well as subsequent relevant resolutions, so as to ensure that they more accurately captured the longer-term objectives of the Organization, based on all mandates that had been approved by the Member States. In resolution 63/247, the Assembly endorsed the conclusions and recommendations of the Committee for Programme and Coordination on the proposed biennial programme plan for the period 2010-2011 and approved the priorities for the period 2010-2011 contained in the plan outline. I request Member States to continue the trend of forging a consensus that allows for the adoption of the complete strategic framework document for future budget cycles.

59. A second critical link relates to the logical frameworks for each subprogramme. These are found in part two of the strategic framework document, the biennial programme plan, and are also reflected in the programme budget. Shortcomings of the results-based budgeting logical frameworks include the following:

(a) Broad objectives and priorities set at the top of the Organization are not always linked to those at the lower levels and are sometimes not clearly formulated or attainable;

(b) Some expected accomplishments and associated indicators of achievement are formulated at the level of activities and outputs and do not necessarily lend themselves to the achievement of established objectives;

(c) Some performance measures are not appropriately related to their corresponding indicators of achievement;

(d) External factors are not based on an appropriate risk assessment.[10]

[10] Some of these weaknesses have been described in previous reports of the oversight bodies, such as the Office of Internal Oversight Services review of results-based management at the United Nations, which concluded that "Results-based management at the United Nations has been an administrative chore of little value to accountability and decision-making" (A/63/268); the Joint Inspection Unit evaluation of results-based budgeting in peacekeeping operations (JIU/REP/2006/1, see A/60/709); and the series of Joint Inspection Unit reports referred to above in footnote 4.

60. The current formulation of the logical frameworks limits the implementation of an effective accountability system in the Secretariat in several ways:

(a) The nature of the work of the Secretariat is such that multiple actors and exogenous factors critically affect the achievement of many outcomes and results. Greater effort should be made to accurately capture and reflect the unique and specific contribution of the Secretariat to the achievement of outcomes. While this problem is inherent in any results-based management methodology, this limitation could be reduced with well-formulated logical frameworks;

(b) Results and outcomes are not logically linked with activities and outputs in performance reporting. This limits the possibility of forging a vision of the intended effects of the contributions of the activities and outputs at the level of objectives and expected accomplishments, and of reporting meaningfully on their actual achievement;

(c) Indicators of achievement are sometimes not a good reflection of whether or the extent to which the objectives have been achieved.

61. A third critical link for an effective results-based management framework and accountability, which has been raised by the oversight bodies in some of the reports referenced elsewhere in the present report, is the connection between results and resource allocation. As resources are allocated at the subprogramme level, an effort will be made in the context of the implementation of Umoja to improve the relationship between programmatic and financial aspects of programmes and subprogrammes and the further breakdown of resources to the level of expected results (see also para. 69 below).

62. A fourth critical link is the ability of the Secretariat to implement self-evaluations and to actively include lessons learned in the programme and planning process of the Organization. With the introduction of results-based budgeting in the Secretariat, self-evaluation tools were expected to become a strong instrument to determine the relevance, efficiency, effectiveness and impact of programme delivery.[11] In addition to the independent evaluations conducted by the Office of Internal Oversight Services and the Joint Inspection Unit, in General Assembly resolution 63/247 Member States called on programme managers to fulfil their responsibilities with respect to self-evaluation and sought more detailed information on the outcome of monitoring and evaluation at the departmental and executive levels, taking into account, in particular, how lessons learned were shared and applied in planning activities. To date, the capacities dedicated to this important task are still very limited and additional resources have not been forthcoming. An evaluation by the Office of Internal Oversight Services on learning lessons (E/AC.51/2009/5) found that the Secretariat was weak overall in this area and identified several obstacles to learning lessons effectively. I am encouraged, however, by the fact that the Assembly has reaffirmed the importance of strengthening evaluation in the United Nations system (see resolution 63/311) and requested me to submit, at the sixty-fourth session, a proposal with modalities for the establishment of an independent, system-wide evaluation mechanism to assess system-wide efficiency, effectiveness and performance, bearing in mind the

[11] The Joint Inspection Unit noted that "self-evaluation should constitute the backbone of any effective evaluation system in order to provide timely analysis of the performance of projects and programmes". (JIU/REP/2004/6, para. 68; see A/59/607).

evaluation functions carried out by respective United Nations organizations, the Joint Inspection Unit and the United Nations Evaluation Group. I intend to use the internal discussions that will be generated by the present report to address the issue of self-evaluation and to propose comprehensive measures to address the weaknesses of the self-evaluation systems in some areas of the Secretariat guided, inter alia, by the important advances that have been achieved in this by the Department of Peacekeeping Operations.[12]

63. It is my firm belief that substantive progress on the implementation of results-based management in the Secretariat will depend largely on the strength of the four critical links in the results-based management chain of cause-and-effect relationships that I have outlined above. I would urge Member States to explore ways and means to address these issues in a comprehensive manner.

64. With the substantive support and guidance of the Department of Management, departments and offices throughout the Secretariat are making concerted efforts to strengthen the quality of their respective results-based management documents. To further advance this process, a dedicated capacity is needed that can foster a common understanding of the principles of results-based management and promote a culture of results. In its resolution 64/243, the General Assembly stressed that "improved implementation of results-based budgeting enhances both management and accountability in the Secretariat", and encouraged me to continue my efforts in this regard and requested me to further improve the results-based budgeting framework. In addition, the Assembly stressed "the importance of adequate training to ensure the full implementation of results-based budgeting". In the light of the views expressed by Member States and relevant oversight bodies about the continuing absence of a fully mature results-based management culture, it is my view that an ad hoc, uncoordinated and inconsistent approach to results-based management within the Organization and all its varied activities can no longer be sustained if we are to be a fully results-oriented Organization. The absence of a dedicated capacity all these years has slowed the process of changing the management culture. Therefore, I propose to establish a Results Management Unit in the Department of Management to provide assistance and support to managers throughout the Secretariat. The Unit would be tasked to:

(a) Manage, oversee and support the implementation of the results-based management system within the United Nations, including for peacekeeping operations and special political missions;

(b) Support the preparation of logical frameworks in Secretariat programmes, including peacekeeping operations and special political missions, to ensure adequate focus on expected results and effective linkages between objectives, expected accomplishments and indicators;

[12] The Department of Peacekeeping Operations has created an Evaluation Unit, located within the Policy, Evaluation and Training Division, which provides services to the Department of Peacekeeping Operations, the Department of Field Support and field missions. This Unit implements programme evaluations of missions, cross-cutting evaluations of selected components across missions and impromptu evaluations. The main findings of these evaluations are incorporated into the policy development, best practices and training activities that contribute to the institutional strengthening of the Department of Peacekeeping Operations and the Department of Field Support.

(c) Review the monitoring component of the planning cycle, including the format and content of the programme performance report;

(d) Coordinate and report on ongoing internal programme performance monitoring;

(e) Support and guide the performance by Secretariat programmes of self-evaluations and utilization of lessons learned;

(f) Update and strengthen results-based management procedures and guidelines (standards and methodology);

(g) Develop and maintain an indicator bank;

(h) Review and modify the formulation and standardization of outputs;

(i) Support a network of results-based management/results-based budgeting practitioners across the Secretariat and develop a regular and ongoing exchange of information materials;

(j) Provide training and guidance on the results-based management concept, preparation of the strategic frameworks and budget logical frameworks, programme performance monitoring, self-evaluation and utilization of lessons learned;

(k) Review, update and modify the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (ST/SGB/2000/8), as appropriate;

(l) Ensure linkages among the programme planning, budgeting, monitoring and evaluation mechanisms and instruments of the Secretariat, including for peacekeeping operations and special political missions, for the effective implementation of results-based management within the Organization;

(m) Maintain and upgrade the Integrated Monitoring and Documentation Information System (IMDIS).

65. I will also ensure that the review of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation, included as one of the responsibilities of the Results Management Unit, is comprehensive and conducted with a view towards enabling the full implementation of results-based management and aimed at enhancing both management and accountability in the Secretariat.

Recommendation

I propose the establishment of a Results Management Unit in the Office of Programme Planning, Budgets and Accounts of the Department of Management as detailed in paragraphs 64 and 65 above to provide support for the effective implementation of the results-based management methodology throughout the Secretariat. The associated resource requirements for the Results Management Unit would be presented in due course as appropriate.

I. Results-based management information system

66. One of the key features of an effective results-based budgeting system is the ability to establish a link among objectives, results and resources. I regret to note that the main information systems currently used in the planning, programming, monitoring and evaluation cycle of the Organization (IMDIS and the Integrated Management Information System (IMIS)) do not have such a linkage.

67. IMDIS is an Internet-based system used in the preparation of both the strategic framework and the programme budget to capture information on programmatic content. It is also used in monitoring work programme implementation, organizing and storing data on performance and the preparation of the programme performance report. IMDIS was not originally intended for this purpose, as it was developed by the Department for Economic and Social Affairs with a much more limited scope, namely to assist senior managers in tracking the implementation of programme outputs and meeting performance reporting requirements of the General Assembly.

68. IMIS is the principal electronic system for the management of human and financial resources in the United Nations Secretariat. It supports personnel, finance, payroll, procurement, travel and related administrative functions and is at the core of many administrative workflows. IMIS does not include information on programmes and has no link to IMDIS. This fundamental gap in the Organization's information management system explains why the Secretariat is left grappling for answers when Member States inquire about the cost entailed in meeting a given programmatic objective.

69. We need to remedy this situation by introducing a reliable information management system to support results-based budgeting, and eventually results-based management. Such a system must align resources with objectives and results. An effective management system that links resources to objectives would also allow assessment of the performance level of a programme relative to the resources provided to it. It would facilitate measurement of the effect that resource allocation changes have on programme performance.

70. In the context of Umoja, I have proposed an integrated management system that will provide an efficient means for transferring and sharing information across the many different functions of the Organization. As I stated when I made the business case for Umoja (see A/64/380), I expect improved transparency and timely reporting to Member States and senior management on expenditure, commitments and results to be among the major qualitative benefits of such a single information repository.

Recommendation

I request Member States to continue supporting the implementation of the Umoja project, which will link resources to objectives and will also allow assessment of the performance level of a programme relative to the resources provided to it.

J. Enterprise risk management and internal control framework

71. The United Nations faces an increasing level of risk owing to the complexities of its operations and increased scope of its mandates. Risk management is already considered at various levels in the United Nations and is embedded in different processes and operations. Departments and programmes have developed their own methodologies, however, by adopting one of several different risk management standards currently available. As a result, the processes currently in place do not share a consistent methodology for identifying, evaluating, reporting and responding to risks.

72. Promoting a systematic risk-based approach to management decisions and risk mitigation is more critical than ever. I believe that the time has come to strengthen the current approach of the Organization by adopting an integrated enterprise risk management and internal control framework that will provide a consistent and comprehensive risk management methodology for the entire Secretariat. Pursuant to General Assembly resolution 63/276, a road map and implementation plan for the establishment of such a framework is outlined in annex II. The implementation plan is expected to be completed in approximately two years.

73. I foresee that this framework would provide the Organization with a more effective means of addressing both the strategic risks associated with the execution of the mandates defined in the Charter of the United Nations and the operational risks that support the achievement of those mandates. Once implemented, the framework will significantly enhance the governance and management practices of the Secretariat. It will strengthen the focus on objectives and will increase our effectiveness to achieve the defined objectives and the mandates given by Member States.

74. Enterprise risk management is the inherent core responsibility of management. Under the proposed framework, embedded risk and internal control management activities will become an integral part of the processes and operations of the entire Organization. Accountability and performance management will be enhanced through the definition of clear risk-management roles and responsibilities. The promotion of a risk-driven culture will be strengthened through a more informed risk-based decision-making capability. Transparency will be improved within the Organization and towards Member States, as risks are clearly communicated internally and externally through formal reporting by management to relevant stakeholders.

75. The recognition of the responsibility of management for internal controls and the appropriate management of risk will improve the effectiveness of the controls. Furthermore, governance and oversight functions will be enhanced as senior managers and governing bodies will have an increased capability to make informed decisions regarding risk and reward trade-offs related to existing and new programmes.

76. According to best practices in both private and public sector global organizations that have adopted enterprise-wide risk-management frameworks, an independent enterprise risk management function should be established under the direction of a Chief Risk Officer, who reports directly to the head of the Organization. According to this vision, a new independent and objective organizational team should be created to facilitate effective risk-management

practices. I encourage Member States to keep such a structure under consideration for the medium term.

77. For the short term, the overall implementation of an effective enterprise risk management and internal control framework throughout the United Nations Secretariat would be led by a dedicated enterprise risk management and internal control function, the Enterprise Risk Management and Control Section, that I propose to be established in the Office of the Under-Secretary-General for Management. I wish to emphasize that management will be the owner of risk management and control activities in the Secretariat. To support management, the Section would:

(a) Provide assistance to Secretariat entities implementing risk management and control procedures;

(b) Aggregate risk data from the different unit locations;

(c) Carry out regular monitoring of United Nations Secretariat-wide risks;

(d) Advance the adoption of consistent methodologies for risk assessment;

(e) Facilitate the implementation of enhanced control and risk mitigation measures at the department, office, commission, mission and tribunal levels in cooperation with dedicated local risk and control focal points.

78. I am convinced that the risk profile of the Organization and the effectiveness of the designed controls should inform strategic planning and managerial decision-making. Once established and firmly rooted in the Secretariat, an effective enterprise risk management and control process will become instrumental to promote a risk-aware culture. It is my profound hope that Member States will use the risk management information that will become available under the proposed framework in their strategic planning and resource allocation decision-making.

Recommendations

I recommend that an enterprise risk management and internal control framework be established in the United Nations Secretariat in accordance with the proposed road map, with a view to fully integrating the framework with major managerial processes, such as strategic and operational planning, operational and financial management and performance measurement and management.

To that end, I further recommend that a dedicated enterprise risk management and control function, the Enterprise Risk Management and Control Section, be established in the Office of the Under-Secretary-General for Management. The associated resource requirements for the Section would be presented in due course as appropriate.

K. How the current and proposed accountability mechanisms in the Secretariat would have addressed the flaws in the management of the United Nations oil-for-food programme[13]

79. Although some of the deficiencies in the oil-for-food programme were outside the control of the United Nations Secretariat, the Independent Inquiry Committee identified several weaknesses in the administration of the programme, which, if addressed, could improve the way the Organization conducts business.[14] The present report addresses those weaknesses identified by the Independent Inquiry Committee that are within the purview of the Secretariat, including inadequate internal audit coverage, poor implementation of audit recommendations, absence of an independent audit committee, conflicts of interest, weakened internal control, inadequate monitoring of programme implementation by agencies, non-conformity with procurement rules, and narrowly defined external audit scope.

80. I am pleased to report that in recent years, since the Independent Inquiry Committee reports were issued, many changes have been made to the accountability system of the United Nations Secretariat that significantly strengthen the accountability of the Organization and would likely address or even prevent the kind of flaws found in the oil-for-food programme. These changes include:

(a) **Oversight**. The Management Committee was established. Chaired by the Deputy Secretary-General, its major functions include (i) a quarterly review of the status of implementation of various accepted recommendations of the oversight bodies; and (ii) the responsibility to ensure that recommendations of oversight bodies are effectively fed into the executive management process;

(b) **Internal/external audit**. The Independent Audit Advisory Committee was established with clear reporting obligations (General Assembly resolution 60/248) and terms of reference (resolution 61/275) that include, inter alia, review of Office of Internal Oversight Services budgets based on a risk-based approach to the management of oversight functions and provision of advice to the Assembly on risk management procedures and on possible deficiencies in the internal control framework of the United Nations. While recognizing the urgent need to substantially strengthen the oversight and management process, the Assembly, in its resolution 60/1, decided that the expertise, capacity and resources of the Office of Internal Oversight Services in respect of audit and investigations should be significantly strengthened and this has been addressed;

(c) **Administration of the programme**. The Ethics Office was established and has developed policies related to potential conflicts of interest, financial disclosure and whistle blower protection (see ST/SGB/2006/6 and ST/SGB/2005/21);

(d) **Monitoring programme implementation**. This weakness could be addressed by a robust results-based management framework such as the one I describe in section H above;

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[13] A more detailed assessment, prepared pursuant to General Assembly resolution 63/276, para. 9 (k), is contained in annex III.

[14] See Independent Inquiry Committee, interim report, dated 3 February 2005, second interim report, dated 29 March 2005, third interim report, dated 8 August 2005, and report on the management of the oil-for-food programme, dated 7 September 2005 (vols. II, III and IV).

(e) **Procurement process**. Within the context of the procurement reform efforts of the Secretariat, I introduced measures for strengthened internal control and the promotion of ethics, integrity, fairness and transparency in the procurement process, including the establishment of an independent mechanism to review challenges to procurement awards.

81. Furthermore, the enterprise risk management framework proposed in the present report would help to identify high-risk areas and develop requisite mitigation strategies.

III. Conclusions

82. Earlier in the present report, I stated that accountability in the United Nations originates from a covenant between Member States and the Secretariat, as expressed in the strategic framework, the programme budget and the peacekeeping budgets. Member States provide the mandates for what the United Nations must achieve in a given cycle with the resources appropriated. The Secretariat is obliged to deliver the results established thereby, subject to the availability of resources and constraints posed by external factors beyond its control.

83. To bring this covenant to life, all stakeholders must do their part. Member States must provide clear and concise mandates and relevant resources and recognize the authority of the Secretariat to facilitate mandate implementation. In turn, it is incumbent upon me, as Chief Administrative Officer of the Organization, to be responsive to the directives given by Member States and lead the Secretariat in the implementation of the mandates entrusted to us. The instruments that ensure that the Organization operates in an accountable manner must continue to mature and evolve.

84. The Charter of the United Nations sets noble objectives for the Organization. We must strive for excellence and be fully accountable for our actions as we take responsibility for these objectives and work towards their implementation. We owe nothing less to the peoples of the United Nations.

IV. Recommendations

85. **To enable more performance-informed decision-making by Member States regarding programme plans and budgets, I produced as a pilot an interim programme performance report covering the first year of the biennium 2008-2009. I propose to supplement the comprehensive biennial programme performance report with an interim report on the progress made by the Secretariat towards achievement of expected results at the end of the first year of each biennium.**

86. **I request Member States to continue supporting the implementation of the Umoja (enterprise resource planning) project, which incorporates, inter alia, the development of interoperable information management tools needed to effectively support results-based budgeting and eventually results-based management, linking resources to objectives and allowing assessment of programme performance relative to resources.**

87. **I encourage Member States to continue supporting the work of the oversight bodies of the United Nations, as they play an important role in promoting a culture of compliance and integrity and in deterring mismanagement in the United Nations.**

88. **I encourage Member States to continue supporting the work of the Management Committee in feeding the findings and recommendations of the oversight bodies into executive management processes, in ensuring the timely follow-up and implementation of those recommendations and in strengthening the dialogue with the oversight bodies initiated in 2009.**

89. **I propose the establishment of a Results Management Unit in the Office of Programme Planning, Budgets and Accounts of the Department of Management as detailed in paragraphs 64 and 65 above to provide support for the effective implementation of the results-based management methodology throughout the Secretariat. The associated resource requirements for the Results Management Unit would be presented in due course as appropriate.**

90. **I recommend that an enterprise risk management and internal control framework be established in the United Nations Secretariat in accordance with the proposed road map with a view to fully integrating the framework with major managerial processes, such as strategic and operational planning, operational and financial management and performance measurement and management.**

91. **To that end, I further recommend that a dedicated enterprise risk management and control function, the Enterprise Risk Management and Control Section, be established in the Office of the Under-Secretary-General for Management. The associated resource requirements for the Section would be presented in due course as appropriate.**

92. **I propose that Member States endorse the components of an Accountability System for the Secretariat as described in the present report and the measures for increased accountability described therein.**

Annex I

Components of the accountability system in the United Nations Secretariat

I. Introduction

1. The present annex explains the fundamental elements of the United Nations accountability system, which is composed of six interrelated components:

(a) Accountability devolved from the Charter of the United Nations;

(b) The covenant with Member States: the strategic framework, the programme budget and peacekeeping budgets;

(c) Delivering results and performance (including a system of rewards and sanctions);

(d) Internal systems and controls;

(e) Ethical standards and integrity;

(f) Oversight roles and functions.

2. For each of the six components, where applicable, this annex provides an overview of the regulations, systems and structures that are in place to ensure the proper functioning of the Organization. Its purpose is to provide Member States with the tools that will allow them to effectively oversee and hold the Organization accountable for the delivery of mandated objectives and results and to serve as a guide for managers and staff at all levels to enable them to clearly understand the present elements of the accountability system in the Secretariat.

II. Accountability devolved from the Charter of the United Nations

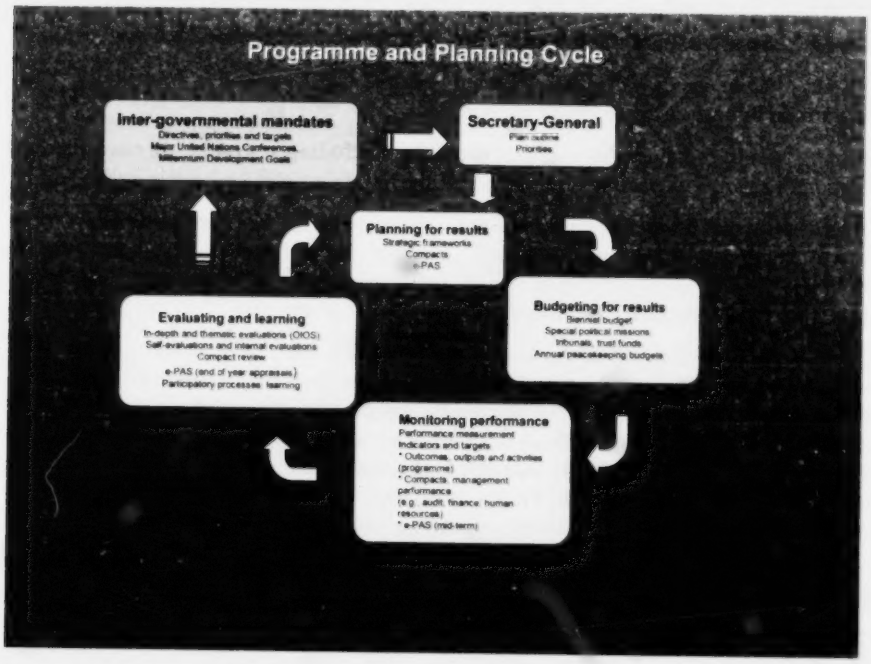
3. The Charter of the United Nations forms the basis of the accountability system of the Organization. It puts Member States at the centre of the Organization, making them responsible for giving mandates to the Secretariat through the resolutions and decisions emanating from their representative organs. The Charter establishes the Secretary-General as the Chief Administrative Officer of the United Nations (Article 97). The mandates promulgated by the principal organs of the United Nations are entrusted to him for their implementation (Article 98).

4. Under this arrangement, an organizational structure emerges with the following distribution of roles and duties: Member States are responsible for providing mandates, expressed as directives, priorities and targets, and the Secretary-General is responsible for implementing these mandates and for reporting on outcomes and the resources used.

5. In discharging these responsibilities, the Secretary-General is obliged to reflect these mandates in the programme and planning documents of the Organization (the strategic framework, the programme budget and the peacekeeping budgets) and programme managers and individual staff members — down the chain of

responsibility — are obliged to prepare their respective workplans with the purpose of achieving the results established therein. During this process, the Secretariat must continuously monitor performance, adjust implementation where needed, conduct ongoing evaluations and use evaluation findings for improvement and learning. This is an enriching process that is designed to achieve the best results for the benefit of all stakeholders as is illustrated in the flow chart below.

Figure
Programme and planning cycle



6. At the core of the accountability system in the Secretariat is the covenant or agreement with Member States expressed in the form of the strategic framework, the programme budget and peacekeeping budgets, as these documents clearly specify what results the United Nations must achieve in a given cycle with the resources appropriated to the Organization by Member States.

III. The covenant with Member States: the strategic framework, the programme budget and peacekeeping budgets

7. The strategic framework, the programme budget and peacekeeping budgets constitute core components of the United Nations Secretariat's accountability system. These documents of the Secretariat constitute a covenant with Member States whereby the Secretariat commits, subject to the availability of resources and barring exogenous impacts, to achieving certain results that have been mandated by Member States. The results-based approach of the Secretariat's programming and

budgeting cycle focuses on achieving results and outcomes; implementing performance measurement, evaluation and reporting; and continuous learning.

A. Strategic framework

8. Between 1974 and 2006, the medium-term plan was the principal planning document of the United Nations. The policy orientation and goals established in the legislative mandates of the intergovernmental organs were translated by the medium-term plan into programmes and subprogrammes. The medium-term plan developed for the 1998-2001 period moved towards a results-based approach, as it focused more on objectives than on activities and outputs, and sought to make a clearer link between programmes and budget sections by aligning programmes to major organizational units.

9. The medium-term plan for the period 2002-2005 was the first to reflect the application of a logical framework, which provided the structure for biennial programme budgets. The 2002-2005 plan defined objectives, expected accomplishments and indicators of achievement. In its formulation, programme managers focused on the raison d'être of their programmes and not just on deliverables.

10. In 2002, the Secretary-General submitted his report entitled "Strengthening of the United Nations: an agenda for further change" (A/57/387 and Corr.1), in which he identified a number of weaknesses in the budgeting and planning process. These weaknesses were addressed in the subsequent report, "Strengthening of the United Nations: an agenda for further change — improvements to the current process of planning and budgeting" (A/58/395 and Corr.1). That report proposed a revision of the medium-term plan, to be renamed "Part one, biennial programme plan" and "Part two, budget outline", which would constitute a "strategic framework" for the Organization and cover a two-year period. This proposal was endorsed by the General Assembly in its resolution 58/269.

11. Following a trial period, the General Assembly decided, by its resolution 62/224, to maintain the strategic framework as the principal policy directive of the United Nations with effect from the biennium 2010-2011 and to improve the format of part one of the framework by elaborating on the priorities of the United Nations in accordance with resolutions 61/235 and 59/275.

12. The strategic framework has now become the basis for programme planning, budgeting, monitoring and evaluation in the Organization.[a] Part one is developed centrally and highlights future challenges of the Organization, an overarching perspective of world events that require action from the international community, longer-term objectives to be met collectively by the Organization and Member States, and the proposals of the Secretary-General on priorities. Part two delineates the objectives, expected accomplishments, indicators of achievement, strategy and mandates for each subprogramme.

[a] For peacekeeping missions, the basis is formed by the peacekeeping programme budgets.

B. Programme budget

13. From 1945 to 1974, the United Nations budget was organized by object of expenditure. The expenditure budgeting methodology had several limitations, including the difficulty of specifying the cost of programmes and the difficulty for Member States of knowing what the programmes comprised. Member States demanded improvements and, as a result, a new programme budgeting methodology was introduced in the biennium 1974-1975, which used a programmatic rather than input-output approach. In 1993, the programme budget was modified to place more focus on the relationships between mandates, programmes and budget sections of the Secretariat, thus bringing increased accountability to the process.

14. In 1997, the Secretary-General submitted a report entitled "Renewing the United Nations: a programme for reform" (A/51/950 and Corr.1 and Add.1-7), in which he proposed, inter alia, that Member States should enter into a dialogue with the aim of shifting the United Nations programme budget from a system of input accounting to a results-based approach. Under this new system, the General Assembly would specify the results they expected from the Organization, consistent with relevant budgetary constraints, and the Secretariat would be responsible for, and judged by, the extent to which these results were reached. Subsequently, the Secretary-General submitted a report on results-based budgeting (A/54/456), in which he sought the endorsement of the General Assembly for a gradual approach to the introduction of results-based elements in the programme planning, budgeting, monitoring and evaluation cycle.

15. In its resolution 55/231, the General Assembly endorsed the implementation of results-based budgeting in the United Nations, emphasizing the need to reflect mandates, policy objectives, orientation and priorities of the Organization in programme objectives. Expected accomplishments and indicators of achievement were to be directly and clearly linked to the objectives of the Organization, following the logical framework model.

16. In addition, in its resolution 55/231, the General Assembly supported, as a matter of priority, development of information technology and cost accounting systems that would meet the requirements of the results-based budgeting methodology and also essential training programmes for staff to effectively implement a results-based budgeting system. However, the Organization's capacity to fully implement results-based budgeting has been limited.

1. From results-based budgeting to results-based management

17. The concept of results-based management was first introduced to the United Nations by the Joint Inspection Unit, which included as part of its definition of results-based management not only the process of planning, programming, budgeting and evaluation, but also delegation of authority, accountability, staff performance management and contracts. The Joint Inspection Unit produced a series of reports on management for results[b] that were presented to the Committee for Programme and Coordination at its forty-fifth session. In addition, the Secretary-General conducted a study of results-based management, which resulted in proposed

[b] JIU/REP/2004/5, JIU/REP/2004/6, JIU/REP/2004/7 and JIU/REP/2004/8; see A/59/617, A/59/607, A/59/631 and A/59/632.

actions for improvement, such as a peer review of the strategic framework and logical frameworks to ensure improved ownership and better use of the information on results for management and decision-making (A/62/701 and Corr.1). In that context, while results-based budgeting had not yet been fully internalized in the Secretariat and in the absence of a comprehensive set of rules and regulations that were completely consistent with the results-based budgeting methodology, implementation of a comprehensive results-based management system represented a significant challenge.

18. Nevertheless, the conclusions and recommendations of the Committee for Programme and Coordination at its forty-fifth session were endorsed by the General Assembly in its resolution 60/257, including the benchmarking framework proposed by the Joint Inspection Unit as a tool for the Secretary-General and the oversight bodies to measure progress towards the implementation of results-based management in the United Nations. Thus, in 2006 results-based management became a mandate to be implemented by the United Nations Secretariat. In 2009, the Assembly again affirmed, United Nations resolution 63/276 its intention to see results-based management implemented within the Secretariat.

19. The specific actions for results-based management implementation include periodic reviews of the logical frameworks of the strategic framework and the programme budget to ensure improved linkages between objectives, expected accomplishments and indicators, as well as ownership and better use of the information on results by the intergovernmental bodies and senior management. While the key policies and standards on which to build a more results-oriented Secretariat already exist, the availability of support, consistent guidance and procedures, tools and training needs to be increased.

IV. Delivering results and performance

20. The third component of the accountability system entails the obligation to actually deliver on the results established in the planning documents, subject to constraints imposed by resource limitations and by the risk elements that are outside the control of the Organization. Thus, the Secretariat is obliged to pursue agreed objectives and deliver results, in compliance with established regulations, rules, policies and procedures.

A. Institutional performance

1. Programme performance report

21. The Secretariat[c] reports its performance in the context of the established objectives of programme budgets to the General Assembly at the end of every biennium in the form of a programme performance report. The content and frequency of the programme performance report is governed by the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the

[c] Peacekeeping missions report separately on their performance and on an annual basis, using the same guidelines as established in the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation.

Monitoring of Implementation and the Methods of Evaluation (ST/SGB/2000/8). The programme performance report contains an assessment of progress towards objectives and expected accomplishments by each programme, as well as explanations for lack of progress where applicable.

22. Programme managers are accountable for the achievement of objectives and results and the delivery of outputs. They are also responsible for fairly and accurately reporting on these matters. The Secretariat monitors these accomplishments and reports to Member States on results achieved through the Committee for Programme and Coordination. The Office of Internal Oversight Services conducts ad hoc detailed audits of output delivery and results achieved as reported by each programme manager.

2. Self-evaluation and lessons learned

23. The introduction of results-based budgeting in the Secretariat called for the development of a comprehensive set of performance indicators for all programmes, including peacekeeping missions, and the improvement of monitoring and evaluation activities. Self-evaluation has become an instrument for monitoring the relevance, efficiency, effectiveness and impact of programme delivery and, starting with the biennium 2006-2007, programme managers were required to include in their budget proposals adequate resources to effectively evaluate their programme performance (see A/60/312).

24. In its resolution 60/254, the General Assembly stressed the importance of programme managers conducting objective evaluations of programme performance and of the Office of Internal Oversight Services validating managers' reports on programme performance. Subsequently, the Advisory Committee on Administrative and Budgetary Questions (see A/61/605) concluded, inter alia, that there was merit in strengthening the capacity for evaluation at the level of programme management (i.e., self-evaluation). However, to date the capacities dedicated to this important task are still very limited and the additional resources needed to strengthen evaluation functions have not been forthcoming.

25. This is, however, not the case in the area of peacekeeping operations, where, in response to recommendations made by the Office of Internal Oversight Services (see A/58/746 and A/61/743) and the Department of Peacekeeping Operations' own assessment, an Evaluation Unit was formed within the Policy, Evaluation and Training Division of the Department. This Unit provides services to the Department of Peacekeeping Operations, the Department of Field Support and field missions and implements programme evaluations of missions, cross-cutting evaluations of selected components across missions and impromptu evaluations. The main findings of these evaluations are incorporated into the policy development, best practices and training activities that contribute to the institutional strengthening of the Department of Peacekeeping Operations and the Department of Field Support.

B. Individual performance

26. The critical linkage between institutional accountability and individual accountability is established through annual performance compacts for senior managers and performance appraisal documents for staff at all levels below that of Assistant Secretary-General. The essence of the system is that workplans consistent

with the approved organizational objectives and results cascade down through the successive levels of managers and staff.

27. These interlinked and cascading agreements between staff and managers constitute the fundamental and essential building blocks for holding the Organization and staff accountable for the achievement of mandated results. It is a basic tenet of accountability that each manager or staff member must have authority and control over the resources required to achieve the expected results. Without such authority and control there can be no true responsibility or accountability.

1. Compacts with senior officials

28. Performance compacts constitute annual contracts between the Secretary-General and his most senior officials. They integrate into one document the objectives, expected results and associated performance measures that are specific to each department under the strategic framework and programme budget. In addition, the Secretary-General has asked managers to incorporate into their compacts various managerial targets, such as those related to implementation of the recommendations of oversight bodies and matters related to financial management.

29. Since 2006, the Secretary-General has signed annual performance compacts with his most senior officials (those serving at the level of Under-Secretary-General). In 2008, these compacts were extended to senior officials at the Assistant Secretary-General level, who sign them with their respective Under-Secretaries-General.

30. At the end of each assessment cycle, the Management Performance Board assesses each senior manager's performance against the targets set in the compact and the human resources action plan and advises the Secretary-General of its findings. Based on these findings, the Secretary-General requests senior managers to submit a detailed action plan to the Board to address weaknesses identified in the performance assessments. The Department of Field Support is currently engaged in a review of the implementation of human resources action plans in field operations to ensure greater accountability by the leadership.

31. The compacts are kept on record in the official status files of senior managers. An assessment identifying areas of inadequate performance could trigger an administrative action by the Secretary-General against a senior manager. In addition, the compacts, as well as the individual performance assessments, are published on the Secretariat Intranet, adding an increased level of transparency to the Secretariat that, to the knowledge of the Secretariat, is unprecedented among international organizations.

32. Senior managers are encouraged to share their compacts with their employees to ensure that staff at all levels align their annual workplans with managerial compacts. In so doing, senior managers ensure that achievement of agreed organizational results cascades down to and is subsequently included in the workplans of individual staff members.

2. Performance appraisal system

33. In December 1993, in its resolution 48/218 A, the General Assembly endorsed the recommendations of the Committee for Programme and Coordination on the "establishment of a transparent and effective system of accountability and

responsibility" and further specified that such a system should include performance evaluation for all officials. In response, the Secretariat implemented the performance appraisal system in April 1996 and introduced an electronic version that became mandatory on 1 April 2003.

34. The electronic performance appraisal system (e-PAS) is meant to link programmes mandated by the General Assembly to departmental, divisional, sectional and, finally, individual workplans, constituting a fundamental accountability mechanism within the Organization. The system establishes each individual's contribution to and accountability for the achievement of agreed results. The performance appraisal process enables managers to clarify individual goals at the beginning of the cycle in the workplan, keep performance on track through ongoing dialogue, and evaluate performance at the end of the cycle.

35. Accountability and individual responsibility consistent with actual authority over relevant resources are encouraged throughout the process. A wide range of creative learning and organizational development programmes has been designed to systematically and progressively build management and leadership capacity in performance management.

36. Departmental compliance with the performance appraisal system is monitored through the human resources action plans. Systematic monitoring, reporting and support have been provided to departments and offices with the goal of increasing timely compliance with this critical component of the accountability system.

3. Rewards, remedial actions and sanctions

37. Currently, with the possible exception of the within-grade increment, no rewards are available for recognition of high-performing staff from an individual performance management perspective. In respect to remedial actions and sanctions, they can be applied either in cases of underperformance or deviations from the principles and values that govern staff conduct and behaviour, which are contained in the Charter of the United Nations, the standards of conduct for the international civil service (see ST/SGB/2002/13, annex, sect. V) and the Staff Regulations and Rules.

38. With reference to remedial actions for unsatisfactory performance, in the first instance two performance ratings are currently available in the performance management system to reflect "partially meets performance expectations" or "does not meet performance expectations". For the former rating, managers are required to ensure a comprehensive and detailed performance improvement plan for the staff member, with regular feedback sessions. Two consecutive annual ratings of "partially meets performance expectations" may lead to the withholding of the within-grade increment. With reference to the latter rating, consequences may include withholding a within-grade increment, non-renewal of a fixed-term contract or termination for unsatisfactory service.

39. With reference to sanctions for deviations from principles and values that govern staff conduct, as contained in the Charter of the United Nations, the standards of conduct for the international civil service and the Staff Regulations and Rules, administrative inquiries and investigations may be carried out by the following entities within the Secretariat: heads of office and programme managers; the Department of Safety and Security; in peacekeeping missions the Special

Investigations Unit, the United Nations Police component or ad hoc panels and boards of inquiry; and the Ethics Office. These functions exist in addition to the primary investigating role assigned to the Office of Internal Oversight Services in accordance with mandates of the General Assembly. When the deviations do not rise to the level of misconduct, but rather should be handled administratively, a performance issue for example, the matter is normally handled by the department or office concerned with the active support of the Office of Human Resources Management. When evidence of misconduct is found (i.e., contravention of United Nations regulations, rules and administrative issuances) following an investigation, the case is referred to the Office of Human Resources Management to be handled in accordance with the established procedures for disciplinary matters. Paragraphs 118 to 120 below explain how corrective actions are taken when wrongdoing is reported by an oversight body.

V. Internal systems and controls

40. The objectives of the United Nations are clearly laid out in Article 1 of the Charter. In achieving these objectives, staff members are obliged to respect regulations, rules and policies and to follow processes and procedures, namely a set of internal systems and controls that guarantee the Organization's correct functioning.

41. These systems and controls are designed to provide reasonable assurance regarding the achievement of the organizational objectives with regard to operational effectiveness, adequate resource utilization, reliable financial reporting and compliance with relevant regulations, rules and policies.

A. Regulations, rules and guidelines that establish how actions are to be taken in the Organization

1. Staff Regulations and Rules and the Human Resources Handbook

42. There is a well-established hierarchy of norms that govern all issues related to the staffing of the Secretariat. The legal framework or hierarchy of norms of the United Nations is composed of the Charter of the United Nations, the Staff Regulations and Rules and the administrative issuances, as described below.

(a) Charter of the United Nations and the Staff Regulations and Rules

43. The Charter of the United Nations is the fundamental source of law in relation to the staffing of the Organization. The Charter establishes the broad principles regarding staff and further sets out the role of the Secretary-General in matters concerning the management and administration of the staff.

44. The Staff Regulations for their part embody the fundamental conditions of service and the basic rights, duties and obligations of the United Nations Secretariat. They represent the broad principles of personnel policy for the staffing and administration of the Secretariat (ST/SGB/2009/6, Scope and purpose). The Staff Rules, established and amended by the Administration, provide a detailed elaboration of the Staff Regulations on matters related to staff rights, obligations, duties and conditions of service. In the hierarchy of legal norms, the Regulations are

at a higher level; specifically, the Staff Rules and proposed amendments thereto must be in conformity with the Staff Regulations.

45. In case of conflict, the Staff Regulations prevail, and any provision of the Rules that violates the Regulations will be disregarded. Further, any amendments made by the Secretary-General to the Staff Rules are provisional until they have been reported to the General Assembly, which may direct that the changes be withdrawn or modified.

(b) Human Resources Handbook

46. The Human Resources Handbook contains all Staff Regulations and Rules, Secretary-General's bulletins, administrative instructions and information circulars related to human resources management, which are cross-referenced to one another through a system of hyperlinks. The Handbook is maintained electronically by the Office of Human Resources Management and is posted on the United Nations website (www.un.org/hr_handbook/English).

2. Financial Regulations and Rules and the Finance Manual

47. The Financial Regulations and Rules (ST/SGB/2003/7) provide an overarching single-source document for the financial management policies of the Organization. These Regulations and Rules are the foundation upon which sound financial management practices are built. Through the Financial Regulations, the General Assembly issues the broad legislative directives governing the financial management of the United Nations. Within the framework of the Regulations, the Secretary-General formulates and promulgates the Financial Rules. The Rules define the parameters within which staff must exercise their responsibilities.

48. The Financial Regulations and Rules allow for a systematic delegation of financial management authority in accordance with the following understanding: the Secretary-General delegates authority and responsibility for the implementation of the Financial Regulations and Rules to the Under-Secretary-General for Management. Authority and responsibility for their implementation is further delegated by the Under-Secretary-General for Management in an administrative instruction (ST/AI/2004/1) to the Assistant Secretary-General and Controller and to the Assistant Secretary-General for Central Support Services.

49. These Financial Regulations and Rules also lay out the responsibility for management of both expendable and non-expendable property of the Organization. This involves all systems for receipt, recording, utilization, safekeeping, maintenance and disposal of assets.

50. All United Nations staff are obligated to comply with the Financial Regulations and Rules and with administrative instructions issued in connection with them. Any staff member who contravenes the Regulations and Rules or corresponding administrative instructions may be held personally accountable and financially liable for his or her actions.

Finance Manual

51. The Finance Manual is used in conjunction with the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation and other relevant

guidelines to ensure proper management of the Organization's financial resources. The Manual describes all organizational procedures related to finance and budgetary matters starting with the Charter, authority and responsibility for management, the budget process, assessed contributions, extrabudgetary and voluntary contributions, management of cash and investments, accounting and financial reporting, procurement, audit and ethics.

3. Procurement Manual

52. The Financial Regulations and Rules also regulate the Organization's procurement processes.[d] Additional administrative guidance related to the procurement function, staff and operations is included in the United Nations Procurement Manual, which can be found at www.un.org/Depts/ptd/manual.htm.

4. Administrative issuances

53. Other mechanisms used by the Administration to elaborate internal policies and procedures and to communicate these to staff are the Secretary-General's bulletins, administrative instructions and information circulars, in that hierarchical order. These administrative issuances provide further information on regulations, rules and policies of the Organization.

5. Peacekeeping-specific manuals and guidelines

54. The Department of Peacekeeping Operations and the Department of Field Support have issued the following manuals and guidelines as additional internal controls for peacekeeping missions: Surface Transport Manual: Procedures for the Field; Aviation Manual; Liquidation Manual; Integrated Mission Planning Process Guidelines; Property Management Manual for United Nations Peacekeeping Missions; Contingent-Owned Equipment Manual; and Field Finance Procedure Guidelines.

B. Organizational systems to ensure the functioning of the United Nations

1. Selecting and contracting of personnel

(a) Staff members

55. Personnel are normally recruited and promoted to United Nations positions through Galaxy, the Internet-based system that is used to advertise vacancies and manage recruitment, selection and rostering of candidates. Successful external candidates of national competitive exams and successful internal candidates of the highly competitive G-to-P examination process can be recruited directly to base grade Professional posts (P-2 level). All other recruitment and promotion is done through the Galaxy system.

56. Recruitment, placement, promotion and mobility of staff are conducted in accordance with provisions defined in ST/AI/2006/3/Rev.1. Vacancy announcements are constructed by programme managers and cleared by the Office of Human Resources Management before being posted on the Galaxy system. Starting on

[d] In particular Regulations 5.12 to 5.14, and Rules 105.13 to 105.19 and 105.22 to 105.23.

1 April 2010, vacancy announcements will be posted on the new talent management system, Inspira. Generic job profile templates have been developed to simplify and ensure consistency in the creation of vacancy announcements for most positions in the United Nations system. After qualified candidates from the applicant pool have been properly considered, a shortlist of recommended candidates is sent by the programme manager to the central review bodies for review. The central review bodies consider whether the recommended list, referred to as the "proposal", has been developed in accordance with proper procedures and is consistent with evaluation criteria previously approved by the body concerned. It also monitors whether geographical and gender criteria have been taken into consideration.

57. Selection decisions are made by the head of department or office after the central review body has indicated that the evaluation criteria have been properly applied and procedures properly followed. The selection system is predicated on the fundamental concept that heads of departments and offices, who are responsible and accountable for delivering substantive results in their work programmes, must also be responsible for taking the final decision on the selection of staff that will implement those work programmes.

(b) Contractors and consultants

58. Individual contractors are people engaged by the Organization from time to time under temporary contracts to provide expertise, skills or knowledge for the performance of a specific task or piece of work against payment of an all-inclusive fee. A consultant is an individual who is a recognized authority or specialist in a specific field engaged by the United Nations under temporary contract in an advisory or consultative capacity to the Secretariat, whose skills or knowledge are not normally possessed by the regular staff of the Organization and for which there is no continuing need in the Secretariat. The employment of consultants and individual contractors is governed by ST/AI/1999/7.

59. In making a selection, the department normally chooses one of at least three qualified candidates and justifies the proposed selection before a special service agreement can be processed by the department's executive office. Under ST/AI/2006/3/Rev.1, section 5.6 (b), neither consultants nor individual contractors may apply for or be appointed to any post in the Secretariat within six months of the end of their current service.

2. Segregation of duties

60. The Secretariat has in place a system of segregation of duties to strengthen internal controls and reduce the risk of errors and irregularities. Under this system, no single individual has control over all phases of a decision or transaction that involves Organizational resources. This reduces the possibility that a single individual can breach the regulations, rules or procedures causing financial loss to the Organization.

61. Some of the most important systems for segregating duties in the United Nations Secretariat are presented below.

(a) Central review bodies[c]

62. In the area of personnel selection, duties are segregated as follows: the head of department or office is responsible for recruitment, selection and promotion of the personnel under his or her supervision; and the central review bodies are responsible for monitoring the integrity of the process that leads to identification and selection of suitable candidates. This separation of functions is detailed in the preceding paragraphs, where the roles of the different actors in the recruitment process were explained.

(b) Designation process

63. The designation process consists of a clearance procedure, independent from the selection action, that is designed to ensure that all staff members that perform significant functions in the management of financial, human or physical resources have the requisite qualifications and experience to carry out the responsibilities assigned to them. The designation process effectively establishes a dual accountability mechanism in the Organization under which staff members performing administrative functions report to their respective departmental heads, but are also answerable to the Department of Management regarding compliance with all relevant regulations, rules and procedures that govern their work. Over the course of 2009 this process was the subject of a comprehensive assessment, with a view to introducing a new, streamlined, quicker designation process.

(c) Separation of certifying and approving functions

64. Under this system, all commitments, obligations and expenditures involving resources of the Secretariat must be signed by a designated certifying officer. Following certification, the establishment of obligations, the recording of expenditures in the accounts and the processing of payments must be signed by a duly designated approving officer. Both certifying and approving authorities and responsibilities are assigned on a personal basis and cannot be delegated. A certifying officer cannot exercise the approving function nor can the approving officer exercise the certifying function for the same transaction.

(d) Bank signatories

65. Bank signatories ensure that there are sufficient funds in the bank account when cheques and other payment instructions are presented for payment, verify that such payment instructions are properly drawn to the named payee and ensure that banking instruments are properly safeguarded and destroyed when obsolete. Bank signatories cannot exercise the approving functions, establishing an effective system of segregation of duties whereby the staff member that processes or approves a payment cannot be the same one that signs the checks on behalf of the Organization. Bank signatory authority is assigned on a personal basis and cannot be delegated.

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[c] The Senior Review Group is the standing advisory body constituted to make recommendations to the Secretary-General on appointments and promotions to posts at the D-2 level (ST/SGB/2009/2).

(e) Requisitioning officer and procurement officer

66. With respect to the procurement process, the requisitioning function is separate from the procurement function. A requisitioning officer prepares the comprehensive description of goods or services to be procured and specifies a reasonable time period within which the work or service is to be performed or delivered. The requisition is then submitted to the procurement officer, who carries out the remaining actions required by the procurement process without any intervention from the requisitioning officer.

(f) Committees on contracts

67. The most important procurement actions within the United Nations are subject to a review by an independent committee. In accordance with the Financial Regulations and Rules, the Under-Secretary-General for Management establishes review committees at Headquarters and other locations to render written advice on procurement actions leading to the award or amendment of procurement contracts. These committees ensure that the proposed procurement actions are based, inter alia, on fairness, integrity and transparency.

(g) Property survey boards

68. Property survey boards are established in accordance with the Financial Regulations and Rules to render written advice to the Under-Secretary-General for Management in respect of loss, damage or other discrepancies regarding the property of the United Nations. The property survey boards also determine the degree of responsibility, if any, attached to any official of the United Nations or other party for any loss, damage or other discrepancy.

69. Sales of supplies, equipment or other property declared surplus or unserviceable are subject to the approval of a Property Survey Board (and not to the decision of a single official within the Organization) and are based on competitive bidding, unless the relevant Board decides otherwise. The same principle applies to the disposition or disposal of assets of peacekeeping operations, which are also governed by these regulations and rules. In this latter case, a report on the final disposition of assets for each liquidated peacekeeping operation must be submitted to the General Assembly.

3. Delegation of authority[f]

70. The authority of the Secretary-General comes from the Charter of the United Nations, which establishes that he or she is the Chief Administrative Officer of the Organization. Below this, four types of delegation of authority may be found within the United Nations Secretariat: administrative, substantive, institutional and by designation.

71. **Administrative delegation** refers to the authority delegated for the management of financial resources, physical assets and human resources within the Secretariat. This authority can be delegated on a personal basis to an individual or by virtue of the staff member's functions within the Organization.

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[f] Important contributions to this analysis have been drawn from the Joint Inspection Unit report entitled "Delegation of authority and accountability Part II" series on managing for results in the United Nations system" (JIU/REP/2004/7, see A/59/631).

72. The main source of delegation of authority on financial matters is the Financial Regulations and Rules (ST/SGB/2003/7) of the United Nations. The Rules establish that any staff member who contravenes the Financial Regulations and Rules or corresponding administrative instructions may be held personally accountable and financially liable for his or her actions (Rule 101.2). Accordingly, financial management authority in the Secretariat is delegated to a staff member in writing on a personal basis rather than by virtue of his or her office or functions. In the area of procurement, authority is also delegated on a personal basis through a personal letter of delegation of procurement authority; this also occurs in the area of physical assets management.

73. In the area of human resources, a functional delegation of authority prevails. The Office of Human Resources Management reviews the capabilities of human resources officers and provides clearance during the designation process.

74. **Substantive delegation** refers to the authority delegated to heads of departments for the implementation of the programme of work of the Secretariat. This type of delegation is defined in the form of Secretary-General's bulletins, which describe both the organization and structure of the department or office and provide a detailed description of the substantive activities for which each organizational area is responsible.

75. **Institutional delegation** refers to the extension of administrative authority to entities away from Headquarters under the supervision of the Department of Management at Headquarters. This includes the authority delegated to different departments of the Secretariat, such as the five regional commissions, which have been granted varying degrees of administrative authority in respect of both financial (including procurement) and human resources matters. This is also the case with peacekeeping operations and special missions, as well as with technical cooperation projects for which varying degrees of authority have been delegated to executing agencies.

76. **Delegation of authority by designation** refers to the authority that is delegated by the Secretary-General, or another senior official of the Organization, to a committee, task force or working group for the supervision or the implementation of a task or set of tasks. The most important management-related committees existing in the Secretariat include the Policy Committee, the Management Committee, the Senior Management Group, the Management Performance Board and the Steering Committee on the Implementation of Change Management Measures (see ST/SGB/1997/5, ST/SGB/2005/13, ST/SGB/2005/16 and ST/SGB/2006/14).

C. Guaranteeing fairness in the functioning of the Secretariat's internal systems and controls

1. Ombudsman

77. The Office of the Ombudsman was established in 2002 to provide a dedicated mechanism for United Nations staff, wherever located, to informally resolve employment-related conflicts in a confidential, impartial and neutral setting (ST/SGB/2002/12). Where a particular dispute or set of issues reflects a systemic problem, the Office may make recommendations for changes in policy or practice.

The Ombudsman reports regularly to the Secretary-General on the activities of the Office and raises relevant issues with management and staff to facilitate conflict resolution. The Secretary-General submits an annual report to the General Assembly on the activities of the Ombudsman.

78. In the recent reform of the system of administration of justice, the General Assembly created a single integrated and decentralized Office of the Ombudsman for the United Nations Secretariat, funds and programmes and the Office of the United Nations High Commissioner for Refugees (resolution 62/228). The new Office, now known as the United Nations Ombudsman and Mediation Services, includes a Mediation Division and seven regional branches.

2. Administration of justice

79. Beginning on 1 July 2009, the United Nations launched a new system of internal justice. This new independent, professionalized and decentralized system of internal justice is central to the effort to guarantee fairness and improve accountability. The reform of the United Nations justice system was based on the recommendation of an external panel of experts and consultations with staff through the Staff-Management Coordination Committee. The structure of the new system has been laid out in three General Assembly resolutions: 61/261, 62/228 and 63/253.

80. The new system consists of two pillars, one informal and one formal. The first pillar focuses on resolving disputes through informal, that is, non-judicial, means. The second pillar, the formal system, consists of two levels of independent judicial review by the United Nations Dispute Tribunal and the United Nations Appeals Tribunal.

(a) Informal system

81. Although informal dispute resolution is not new to the United Nations, greater emphasis and resources are now being dedicated to fostering a culture of informal settlement. The new focus on informal dispute resolution attempts to solve problems at an early stage, thus reducing the number of cases going to the formal system. The United Nations Ombudsman and Mediation Services, including the Mediation Division which has mediation resources in many regions, is at the centre of the informal system. Mediation is an informal and confidential process in which a trained mediator assists the parties to reach a negotiated settlement of their dispute.

82. Mediation and other forms of informal dispute resolution may be attempted at any time in the process, even after a case is pending in the formal system. Judges of the United Nations Dispute Tribunal may, with the agreement of the parties, refer a case that is pending before the Dispute Tribunal to the Ombudsman for mediation. If no settlement is reached, the case returns to the formal system for adjudication. Negotiated settlements, once agreed and finalized, are binding on the parties. A party can seek enforcement of a mediated settlement through a petition to the Dispute Tribunal.

(b) Formal system

83. The formal system represents a significant change from the prior, peer review-based system. In the old system, the Joint Appeals Boards and the Joint Disciplinary Committees reviewed the facts of a particular case and made recommendations to

the Secretary-General, who could accept or reject those recommendations. The staff member could also appeal an unsatisfactory outcome to the United Nations Administrative Tribunal, which issued a binding decision on the matter. This system had become unworkable in the context of the much larger, operationally diverse and decentralized Organization that the United Nations has become.

84. The new system attempts to address these problems through a two-tiered judicial process in which judgements are rendered by qualified professional judges assisted by professional legal staff. Professional legal officers represent staff members in their appeals. Any staff member may appeal an administrative decision, including the decision to impose a disciplinary measure, in the formal system. The formal system consists of several components: the Office of the Administration of Justice; the judiciary of the United Nations Dispute Tribunal and United Nations Appeals Tribunal; the Registries of the Dispute and Appeals Tribunals; and the Office of Staff Legal Assistance. Each element of the formal system is independent and professionalized.

85. In the context of the new system of internal justice, the General Assembly established the Management Evaluation Unit within the Department of Management. The purpose of the Unit is to evaluate managerial decision-making to ensure that it is in accordance with the regulations, rules and administrative issuances and to identify emerging trends and systemic problems so that management can take swift corrective action.

86. With the establishment of the new system and the expansion of mechanisms to guarantee fairness in the functioning of its internal systems and controls, the Secretariat recognizes the need to better inform and educate staff members about the roles of the different bodies to avoid confusion and the duplication of work by the different systems and mechanisms.

(i) The Tribunals

87. The United Nations Dispute Tribunal is a court of first instance, operating on a full-time basis in Geneva, Nairobi and New York. The Dispute Tribunal is comprised of five fully independent professional judges, three full-time and two half-time. Judges are not staff and may not be appointed to any position in the United Nations following the expiration of their judicial term. Registries established in Geneva, Nairobi and New York support the Dispute Tribunal. The role of the Dispute Tribunal is to examine the facts of a case. It may call oral hearings, normally held in public. The Dispute Tribunal issues binding judgements, although both staff members and the Secretary-General may appeal, in accordance with the statute of the United Nations Appeals Tribunal.

88. The United Nations Appeals Tribunal is the second-tier court of review in the new system. The purpose of this court is to review the judgements of the United Nations Dispute Tribunal for error, not to hear cases anew. The statute of the Appeals Tribunal allows this Tribunal to hear appeals from either party when it can be shown that the Dispute Tribunal exceeded its jurisdiction, made an error on a question of law or procedure, or reached a manifestly unreasonable conclusion of fact. Seven judges make up the Appeals Tribunal. Each has at least 15 years of judicial experience in a national or international jurisdiction.

(ii) Office of Staff Legal Assistance

89. The Office of Staff Legal Assistance represents a substantial improvement in legal representation for staff seeking to appeal an administrative decision or who are subject to a disciplinary sanction. The Office has seven full-time legal officers serving in Addis Ababa, Beirut, Geneva, Nairobi and the New York main office. While the Office represents a larger commitment to the principle that staff members should have access to professional legal counsel and representation, it is anticipated that the volume of requests may exceed office capacity and that some staff will need to utilize volunteer assistance from serving or former staff members with legal expertise.

(iii) Office of the Administration of Justice

90. The wholly independent Office of the Administration of Justice, headed by an Executive Director, is responsible for coordinating the overall functioning of the formal system. The Office of Staff Legal Assistance and the Registries of the United Nations Dispute Tribunal and the United Nations Appeals Tribunal are part of the Office of the Administration of Justice, which has its headquarters in New York and a presence, through the Registries and the Office of Staff Legal Assistance, in Addis Ababa, Beirut, Geneva and Nairobi.

(iv) Management evaluation

91. The management evaluation phase, a review of contested administrative decisions conducted by the Management Evaluation Unit in the Department of Management,[1] is the starting point for any case in the formal system. This review process allows the Department of Management to evaluate whether a contested decision has been made in accordance with the regulations, rules or administrative issuances.

92. If the Management Evaluation Unit determines that an improper decision has been taken, management will ensure that the decision is changed or an appropriate remedy provided. This stage allows management to correct itself or provide acceptable remedies, reducing the number of cases that make their way to the formal system. The management evaluation also allows management to spot problems of a systemic nature, take corrective action and enforce accountability.

VI. Ethical standards and integrity

93. A key element of the accountability system is the ethical component — specifically, the mechanisms, policies, principles and values that set the standard for the conduct and behaviour of United Nations personnel. The core values and principles governing staff conduct and behaviour are contained in the Charter of the United Nations, the standards of conduct for the international civil service (see ST/SGB/2002/13, annex, sect. V) and the Staff Regulations and Rules.

94. A new system-wide Code of Ethics for United Nations Personnel has been developed and was submitted to the General Assembly at its sixty-fourth session (A/64/316, annex). The Code of Ethics is a concise statement that clearly delineates the fundamental values and principles applicable to the discharge of official United Nations duties and responsibilities. In addition, there is a code of conduct, the

standards of conduct for the international civil service, which sets out guiding principles for staff comportment that is consistent with the status of international civil servant.

A. Ethics Office

95. Pursuant to the 2005 World Summit Outcome (General Assembly resolution 60/1), and in the context of overall management reform initiatives, the independent Ethics Office was established in January 2006. The Ethics Office develops standards, training and education programmes and provides confidential advice and guidance to staff on ethical issues such as conflicts of interest. The Office also oversees the ethics helpline, has responsibilities related to the protection of staff against retaliation for reporting misconduct or cooperating with duly authorized investigations, and administers the United Nations financial disclosure programme.

1. Promoting ethical standards

96. The Ethics Office, in collaboration with the Office of Human Resources Management, fosters training on ethics issues to strengthen and raise awareness of ethics, integrity and accountability. The Office develops, reviews and adapts training programmes and endeavours to integrate integrity and ethics issues into the broader range of United Nations training and staff development activities, including orientation programmes for new staff members.

97. The Ethics Office plays an important role in providing confidential advice and guidance to individual staff members, staff groups, departments and offices. Staff members may contact the Ethics Office to discuss actual, apparent or potential conflicts of interests, such as those pertaining to outside activities, post-employment restrictions or acceptance of gifts. The Ethics Office does not replace existing mechanisms for reporting misconduct or for grievance resolution. Rather, it offers staff members and management opportunities to seek advice, in confidence, concerning potential ethical issues or conflicts of interest.

2. Financial disclosure

98. The Ethics Office administers the financial disclosure programme in order to maintain and enhance public trust in the integrity of the Organization. The primary purpose of the financial disclosure programme is to ensure that potential conflicts of interest arising from financial holdings, private affiliations or outside activities of staff members can be identified, and to provide advice on managing such conflicts, taking into account the best interest of the United Nations. This could result in staff members being advised, for example, to take action such as divestiture of certain holdings or to recuse themselves from a particular activity.

99. The initial financial disclosure programme came into effect on 1 January 1999. However, the current bulletin on financial disclosure and declaration of interest statements (ST/SGB/2006/6), which came into force on 1 May 2006, lowered the monetary reporting thresholds and broadened the reporting requirements in respect of staff members' spouses and dependent children. It also broadened the scope of the policy to include all staff members at the D-1/L-6 level and above, staff (regardless of grade) whose principal duties include procurement or investment functions, staff with access to confidential procurement or investment information, and staff serving

in the Ethics Office. Any staff member who fails to comply with filing obligations under the disclosure programme is to be referred to the Office of Human Resources Management for possible disciplinary action.

100. Since December 2007, the Secretary-General has encouraged the voluntary public disclosure of financial disclosure statements by senior United Nations officials (at the Assistant Secretary-General level and above). The voluntary public disclosures of the Under-Secretaries-General and Assistant Secretaries-General are posted on the Secretary-General's website.

3. Protection from retaliation

101. The policy on protection against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations entered into force on 1 January 2006 (ST/SGB/2005/21). This policy formalizes protective measures for staff members under threat of, or experiencing, retaliation for duly reporting misconduct in their working environment, or for cooperating with duly authorized audits or investigations. If the Ethics Office finds that there is a credible case of retaliation or threat of retaliation, it will refer the matter in writing to the Office of Internal Oversight Services for investigation and immediately notifies the complainant in writing. All complaints are handled according to specific procedures ensuring confidentiality and prompt attention.

4. System-wide coherence in ethics

102. The United Nations Ethics Committee (see ST/SGB/2007/11) was established on 1 December 2007 to establish a unified set of ethical standards and policies for the Secretariat and for the separately administered organs and programmes. The Committee consults on important cases and issues having United Nations-wide implications raised by any Ethics Office or the Chairperson of the Ethics Committee.

103. The United Nations Ethics Committee exchanges information on policy development and implementation with a view to fostering a coherent approach in the application of ethical standards and policies in the United Nations. The Committee pursues efforts to harmonize policies on protection and training, to coordinate financial disclosure programmes and to review annual reports of member organizations.

VII. Oversight roles and functions

104. Management is primarily responsible for monitoring internal systems and controls to ensure that the Organization is able to accomplish its objectives in an efficient and transparent manner. Oversight bodies have an important role to play in promoting a culture of compliance and integrity and in deterring mismanagement and corruption. In the performance of their functions, oversight bodies provide critical support to management by independently assessing the adequacy and effectiveness of these internal systems and controls. This section describes the accountability role of the key oversight bodies of the Secretariat and discusses approaches and measures for enhancing the timely implementation of oversight body recommendations.

A. Oversight roles and functions in the United Nations Secretariat in relation to accountability

105. The oversight functions in the Secretariat are carried out by the Board of Auditors, the Joint Inspection Unit, the Office of Internal Oversight Services and the Independent Audit Advisory Committee.[g] A description of these four bodies follows.

1. Board of Auditors

106. By its resolution 74 (I) the General Assembly established the Board of Auditors to audit the accounts of the United Nations and its funds and programmes and to report its findings and recommendations to the Assembly through the Advisory Committee on Administrative and Budgetary Questions. The core responsibility of the Board is in relation to financial and compliance auditing. The Board is required, inter alia, to ascertain whether the financial statements present fairly the financial position as at the end of the period and the results of operations for the period then ended; the financial statements were prepared in accordance with the stated accounting principles; the accounting principles were applied on a basis consistent with those of the preceding financial period; and transactions were in accordance with the Financial Regulations and legislative authority.

107. Additionally, the Board of Auditors is authorized under the Financial Regulations and Rules (ST/SGB/2003/7) to conduct performance audits. In this regard, the Board may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, more generally, the administration and management of the Organization.

2. Joint Inspection Unit

108. The Joint Inspection Unit of the United Nations system is the only external and independent system-wide inspection, evaluation and investigation body. It is responsible to the General Assembly of the United Nations and similarly to the competent legislative organs of those specialized agencies and other international organizations within the United Nations system that have accepted its Statute (General Assembly resolution 31/192, annex).

109. Through inspection and evaluation aimed at improving management and methods and at achieving greater coordination between organizations, the Joint Inspection Unit provides an independent view. It proposes reforms and makes recommendations it deems necessary, issuing reports to the competent organs of the organizations, with a view to assisting them in meeting their governance responsibilities, and addressing notes and management letters to the executive heads. Through its work, the Unit endeavours to help organizations improve efficiency and effectiveness in achieving their legislative mandates and objectives, identifies best practices and facilitates information and knowledge-sharing throughout the system.

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[g] The Independent Audit Advisory Committee, as a subsidiary body of the General Assembly, serves in an expert advisory capacity and assists the Assembly in fulfilling its oversight responsibilities (see resolution 60/248, sect. XIII).

3. Office of Internal Oversight Services

110. The mandate of the Office of Internal Oversight Services is to promote good governance and accountability in the Organization by providing independent and objective oversight. The Office was established in July 1994 as an operationally independent office to assist the Secretary-General in fulfilling his internal oversight responsibilities in respect of the resources and staff of the Organization through monitoring, internal audit, inspection, evaluation and investigation. The mandate has been reviewed every five years as established in General Assembly resolutions 48/218 B, 54/244 and 59/272.

111. The Office of Internal Oversight Services assists the Organization in protecting its assets and provides assurance that programme activities comply with all relevant resolutions, regulations, rules and policies of the Organization. The Office plays an important role in preventing and detecting fraud, waste, abuse, malfeasance and mismanagement.

4. Independent Audit Advisory Committee

112. Following the 2005 World Summit, the General Assembly observed that additional measures were needed to strengthen the independence of the oversight structures and requested the Secretary-General to submit detailed proposals at its sixtieth session on the creation of an independent oversight advisory committee. The Secretary-General submitted those proposals in November 2005 (see A/60/568 and Corr.1 and 2). In December 2005, the General Assembly decided (resolution 60/248, sect. XIII) to establish the Independent Audit Advisory Committee as a new independent oversight advisory body of the United Nations and as a subsidiary body to the Assembly.

113. The Independent Audit Advisory Committee serves in an expert advisory rather than operational capacity and assists the General Assembly in fulfilling its oversight responsibilities. Specifically, the Committee is responsible for advising the Assembly on the scope, results and effectiveness of audit and other oversight functions, especially of the Office of Internal Oversight Services; on measures to ensure management's compliance with audit and other oversight recommendations; and on various risk management, internal control, operational, accounting and disclosure issues. Additionally, the Committee advises the Assembly on measures to increase and facilitate cooperation among United Nations oversight bodies.

B. Implementation of recommendations and identification of systemic issues

114. To ensure timely implementation of oversight body recommendations, the Secretary-General decided to amend the terms of reference of the Management Committee (see ST/SGB/2005/6) to include as one of the core functions of the Committee to "ensure that findings and recommendations of the Board of Auditors, the Joint Inspection Unit and the Office of Internal Oversight Services are effectively fed into the executive management processes, and that accepted recommendations are followed up and implemented in a timely manner" (see ST/SGB/2006/14).

115. The Department of Management monitors departmental implementation of oversight recommendations and reports the implementation status to the Management Committee on a quarterly basis. The reports of the oversight bodies are also fed into the intergovernmental process through the Committee for Programme and Coordination, the Advisory Committee on Administrative and Budgetary Questions and/or the Fifth Committee. This enables Member States to make informed decisions in regard to the accomplishments of the Organization and its level of compliance with rules, policies and procedures.

116. The Department of Management seeks to strengthen its monitoring efforts by gradually developing a capacity to conduct reviews of those systemic issues that would benefit from systemic solutions. Systemic analysis would go beyond the piecemeal approach of monitoring implementation of recommendations by individual departments, providing the basis for comprehensive solutions to Secretariat-wide problems and weaknesses. It is anticipated that reports identifying systemic weakness and proposed solutions will be submitted to the Management Committee on a periodic basis to obtain direction and decision from the Committee regarding implementation of proposed solutions.

117. The oversight bodies also have an important role to play to ensure the likelihood of the implementation of recommendations by: issuing recommendations that include a clear and workable proposal for their implementation; providing mechanisms that promote action and follow up on oversight recommendations and foster discipline to pursue full and timely implementation; focusing on critical issues with substantial impact on functional effectiveness in oversight reports and avoiding an excessively large number of recommendations that may have a "crowding-out effect" and stretch thin the Secretariat's capacity to respond; and applying a consistent risk-based approach to oversight which will ensure that high-risk recommendations/areas are given priority.

C. Taking corrective action when wrongdoing is reported by an oversight body

118. Based on the results of oversight body investigations into alleged misconduct (i.e., contravention of United Nations regulations, rules and administrative issuances), the Organization takes appropriate action (disciplinary or administrative) against staff members. In certain cases where the reported conduct does not rise to the level of misconduct but rather should be handled administratively, as a performance issue for example, the matter is normally handled by the department or office concerned with the active participation of the Office of Human Resources Management. When evidence of misconduct is found (i.e., contravention of United Nations regulations, rules and administrative issuances) following an investigation, the case is referred to the Office of Human Resources Management to be handled in accordance with the established procedures for disciplinary matters.

119. In those circumstances where there are credible allegations that a crime may have been committed, cases go through a careful evaluation process from both a legal and a policy perspective, before appropriate action is proposed to the Secretary-General for his decision. Such action may include referral of a case to national authorities of Member States for further investigation and/or legal action.

Once a decision is taken to refer a case to national authorities, the Office of Legal Affairs implements the decision accordingly.

120. Details of cases of proven misconduct and/or criminal behaviour are reported annually to the General Assembly and to all United Nations staff members, in accordance with General Assembly resolution 59/287.

Annex II

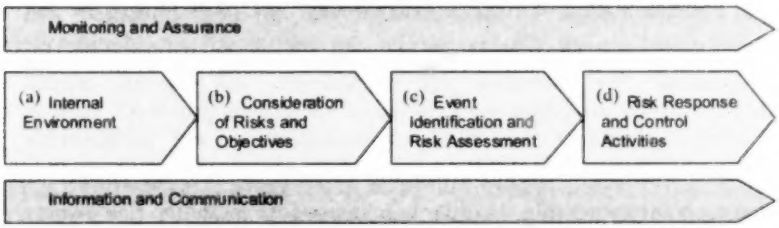
Enterprise risk management and internal control framework

I. Introduction and definition

1. Enterprise risk management is defined as a process designed to identify potential events that may affect the Organization and to manage associated risks in order to provide reasonable assurance regarding the achievement of the Organization's objectives. It is owned and executed by the Organization's senior leadership and applied in strategy-setting throughout the Organization. An effective system of internal control is an integral part of enterprise risk management.

2. The present text proposes the adoption of an enterprise risk management and control framework that embodies all the most critical features recommended by the Committee of Sponsoring Organizations of the Treadway Commission,[a] the Internal Control Standards Committee of the International Organization of Supreme Audit Institutions[b] and the Independent Steering Committee for the Comprehensive Review of Governance and Oversight within the United Nations System (A/60/883/Add.1 and 2). The main components of the risk management process are: (a) internal environment; (b) consideration of risks and objectives; (c) event identification and risk assessment; (d) risk response and control activities; (e) information and communication; and (f) monitoring and assurance. These elements are illustrated and described below.

Figure I
Enterprise risk management and internal control framework


Monitoring and Assurance
(a) Internal Environment
(b) Consideration of Risks and Objectives
(c) Event Identification and Risk Assessment
(d) Risk Response and Control Activities
Information and Communication

3. To implement the framework and provide an appropriate level of execution oversight, the present document proposes that a dedicated enterprise risk management and control function, the Enterprise Risk Management and Control Section, be established in the Office of the Under-Secretary-General for Management.

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[a] "Enterprise risk management: integrated framework", Committee of Sponsoring Organizations of the Treadway Commission (September 2004).

[b] "Guidelines for internal control standards for the public sector", Internal Control Standards Committee of the International Organization of Supreme Audit Institutions (2004 and 2007).

II. Enterprise risk management and internal control framework

A. Internal environment

4. The strong support and commitment of the General Assembly, the Secretary-General and senior management are essential for the establishment of effective risk and control management processes. While a sustainable framework relies on the full ownership and accountability of management throughout the Secretariat, it can only be successfully implemented if it receives endorsement and consistent, visible support from senior management. Risk and control management must be as well supported by adequate resources at all levels of the Organization.

5. As a first step towards the implementation of a comprehensive framework, the Secretariat should establish an overall enterprise risk management and control policy that articulates the purpose, governance mechanisms and principles that will guide the adoption of the framework. The policy should be individually applied to the different departments according to the level and context of risk and risk assessment.

6. The policy development will be guided by the following principles:

(a) **Embedding**. Risk management should be explicitly embedded in existing processes. Appropriate flexibility should be applied in the execution of strategies and allocation of relevant resources through the proper consideration of the risks that could affect the achievement of the objectives of each organizational unit and of the Secretariat at the entity level;

(b) **Consistency**. The Organization should adopt, as part of its decision-making process, a consistent method for the identification, assessment, mitigation, monitoring and communication of risks associated with any of its processes and functions;

(c) **Integration**. The enterprise risk management and internal control framework should be fully integrated with the major operational processes, such as strategic planning, operational and financial management, and performance measurement and management;

(d) **Management ownership**. In order to increase accountability, risk owners and management must have a sound understanding of the risks affecting their operations and must have sufficient flexibility to determine the appropriate course of action to manage those risks;

(e) **Risk-aware culture**. A risk-focused and results-oriented culture should be nurtured, moving the Secretariat from the current predominantly risk-averse culture to a risk-aware culture, where decisions are driven by a systematic assessment of risks and rewards;

(f) **Communication**. Adequate information should be provided at different levels throughout the Organization, to senior management, the Secretary-General and the General Assembly. Together with the advice of the Advisory Committee on Administrative and Budgetary Questions and the Independent Audit Advisory Committee, Member States and the Secretary-General will then be in a position to effectively fulfil their respective governance and oversight responsibilities and to take decisions on modifications of the internal control system.

B. Consideration of risks and objectives

7. The risk assessment process begins with a mapping of risks in relation to underlying strategies, plans and objectives that will eventually be used to prioritize risks and determine the required management and mitigation activities. To this end, the Secretariat defines its risk universe, which includes a high-level description of all of the risks relevant to the Organization. As a subset of the United Nations Secretariat risk universe, each department, office, commission, mission and tribunal develops its own risk catalogue, which should be tailored to reflect the profile of the organizational unit under consideration. This process facilitates the adoption of a common risk language that allows the Secretariat to collect and evaluate risk information on multiple levels across the entire Organization in a consistent and integrated manner. It also enables senior management to understand the impact of various alternate response strategies on a system-wide basis, as well as to assess the overall effectiveness of existing controls and measures of risk mitigation.

8. The risk universe for the Secretariat developed in 2008 identified a catalogue of 116 risks in five major risk areas: (a) strategic; (b) governance; (c) operational; (d) compliance; and (e) financial (see table 1 below).

9. All relevant risk information related to the risk assessment process needs to be captured in a central repository, the Secretariat's risk register. It should include the risk universe (the risk category, risk sub-category, risk and risk definition) and information regarding rating results, contributing risk factors and drivers. Each unit location should maintain the relevant subset of risks within the risk register, reflecting any relevant changes in the risk environment. A comprehensive review must be completed at least annually in conjunction with periodic risk assessments.

10. Following the definition of the objectives and scope of the risk assessment, the Secretariat must determine the scoring criteria for the measurement of risks. According to best practice, risks should be measured in terms of impact, likelihood and control effectiveness. Impact describes the likely result or effect of an event. Likelihood ranks the possibility that a given event will occur. Control effectiveness rates the perceived effectiveness of the controls, processes and activities that are in place to manage or mitigate a risk. In this context, internal controls are defined as the processes that are executed by senior management to provide reasonable assurance regarding the achievement of its set objectives. For United Nations Secretariat scoring criteria for the measurement of impact, likelihood and level of control effectiveness, see table 2 below.

C. Event identification and risk assessment

11. Potential events should be identified by collecting information from senior managers and staff members in the organizational unit that is conducting the risk assessment. This can be done through individual interviews, workshops, risk questionnaires and surveys. Risks may also be identified through the review of relevant other sources, including process flow analyses, audit reports, incident reports and lessons learned.

12. Each of the identified risks will then be evaluated according to the previously defined risk and control rating criteria. As a first step, each risk will be scored in terms of the risk likelihood and impact, based on the information obtained through

interviews, workshops, surveys or process analyses, without the consideration of any existing controls established to mitigate the risk (inherent risk rating). Appropriate input should then be obtained to assess the effectiveness of controls or processes in place to mitigate the risk. The proper assessment of controls depends on a thorough understanding of their intended purpose: that is, how they are expected to reduce the likelihood or impact of a defined risk, and their operational effectiveness.

13. The consideration of inherent risk exposure on one hand, and the level of control effectiveness on the other, determines the level of residual risk.[c] Determinations of residual risks should be validated in a dedicated workshop so that management can share a common understanding of the identified risks and their criticality.

D. Risk response and control activities

14. The ratings for impact and likelihood resulting from the assessment of the identified risks determine the overall inherent risk exposure, and following consideration of the control measures, the residual risk exposure. The resulting risks can be classified in three tiers:

(a) **Tier 1**. The most significant risks require high-level attention, and as such will be reported through the Management Committee to the Secretary-General, and through the Secretary-General to the General Assembly;

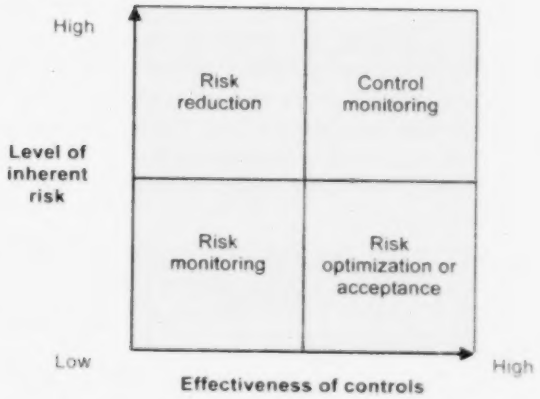
(b) **Tier 2**. Moderate risks typically require specific remedial or monitoring measures under the responsibility of the risk owner and the local risk and control focal point. These risks should be reported to the Enterprise Risk Management and Control Section and the head of department or office responsible for the area under assessment;

(c) **Tier 3**. Risks that are expected to have a relatively low risk exposure and a low residual risk should be monitored periodically to obtain assurance as to the stability of the risk level.

15. The residual risk heat map, a four-quadrant chart depicted below, represents the results of a risk assessment, and in particular the residual risks as a function of risk exposure and level of control effectiveness. It can assist management in the determination of appropriate risk treatment strategies and risk mitigation measures.

[c] According to the definition provided by the framework established by the Committee of Sponsoring Organizations of the Treadway Commission, residual risk is the risk remaining after management has taken action to alter the risk's likelihood or impact, and should therefore be the starting point for determining the appropriate treatment response.

Figure II
Residual risk heat map



16. The assessment outputs from the different unit locations should be compared by the Enterprise Risk Management and Control Section and measured against the entity-level scoring criteria to provide an entity-level risk assessment result.

E. Information and communication

17. Relevant risk and control information should be provided with the appropriate level of detail throughout the Organization to support decision-making towards the achievement of established mandates and objectives. In particular, the risk profile of the Organization and the effectiveness of the designed controls should drive management's response plan activities and decisions, and should be considered in setting the funding and resource allocation requests as part of the strategic framework and budgeting process. In this manner, an effective enterprise risk management and control process will become instrumental to the promotion of a risk-driven culture through a more informed risk-based decision-making capability, as the significance of risks and the effectiveness of dedicated controls will be explicitly considered when evaluating programmes and relevant budget allocations.

18. The risks to be covered, the level of detail required and the frequency of reporting may vary for different audiences and depend on their respective risk management and oversight responsibilities. Programme managers responsible for the management of specific risks at the local level should receive detailed information covering their area of responsibility. Risk and control information concerning risks deemed to be of the greatest significance should be provided in summary form and on an entity-wide basis to the Secretary-General through the Management Committee. The Secretary-General will report enterprise risk management information to the General Assembly, as appropriate.

F. Monitoring and assurance

19. As the risk assessment process relies on management's perception of control effectiveness, adequate assurance activities should validate the evaluation and provide assurance with regard to the effectiveness of designed controls and the

appropriateness of defined risk treatments. The local risk and control focal points and the Enterprise Risk Management and Control Section should assist management with ongoing monitoring and reporting activities in this regard.

20. In accordance with its mandate, the Office of Internal Oversight Services will be responsible for the independent evaluation of the effectiveness of the control environment, including the periodic assessment and evaluation of the implementation of an effective enterprise risk management and control framework. The Internal Audit Division of the Office will also be responsible for the review of the results of the risk assessments process, and will consider its outcomes in the context of its audit planning exercise.

21. As part of its assurance activities on the financial reporting of the Organization, the Board of Auditors will be able to utilize the results of the risk assessment as an important element of its evaluation of the Organization's system of internal controls.

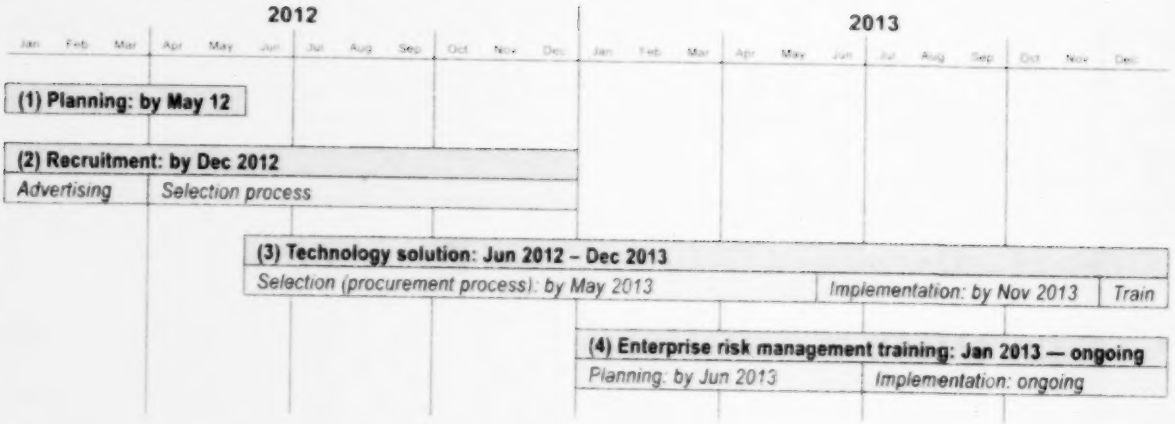
22. Proper risk governance mechanisms are critical for the adoption of an effective risk management framework. While the day-to-day management of risks and controls will be the responsibility of all managers and staff members, overall responsibility for the implementation of the enterprise risk management and internal control framework in the Secretariat rests ultimately with the Secretary-General. At the level of each department, office, commission, mission or tribunal, the effective implementation of risk management and control practices will be the responsibility of the respective senior official. As part of the existing senior managers' compacts with the Secretary-General, each senior official should annually confirm, through a certification report, their responsibilities for the establishment and maintenance of a strong internal control environment as a result of the risk assessment process. The General Assembly, with the advice of the Advisory Committee on Administrative and Budgetary Questions and the Independent Audit Advisory Committee, provides risk management oversight, ensuring that senior management adopts and maintains an effective enterprise risk management and internal control framework.[d]

III. Implementation plan and timelines

23. From start to finish, the initial implementation plan, which will include the establishment of the necessary human and technological resources, is expected to take approximately two years. Assuming formal approval by the General Assembly by December 2011, the initial implementation, comprising four phases, could be initiated in January 2012 to be completed by December 2013 (see figure III). As the process of performing risk assessment exercises in selected organizational units will start according to a phased approach once the Enterprise Risk Management and Control Section is established, it is estimated that it will take an additional three to four years to fully implement and adopt the framework across the United Nations globally, subject to the availability of the necessary resources.

[d] A detailed description of the specific risk governance mechanisms, roles and responsibilities is contained in a document entitled "Enterprise risk management and control framework" to be submitted to the Independent Audit Advisory Committee in February 2010.

Figure III
Implementation plan


2012
2013
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
(1) Planning: by May 12
(2) Recruitment: by Dec 2012
Advertising
Selection process
(3) Technology solution: Jun 2012 – Dec 2013
Selection (procurement process): by May 2013
Implementation: by Nov 2013
Train
(4) Enterprise risk management training: Jan 2013 — ongoing
Planning: by Jun 2013
Implementation: ongoing

1. **Planning** (5 months)

   - Detailed implementation planning
   - Drafting of additional documentation, including finalization of policies and detailed procedural manuals, based on the principles and practices outlined in the framework
   - Definition of technology solution requirements

2. **Recruitment** (12 months)

   - Preparation and posting of vacancy announcements
   - Staff selection and recruitment
   - Designation of local risk and control focal points

3. **Acquisition and implementation of the technology solution** (19 months)

   - Identification of the technology solution following the United Nations procurement process
   - System implementation
   - Information technology training

4. **Enterprise risk management and control training** (ongoing)

   - Development of training modules and global roll-out
     - Online programme for all staff to provide a basic working knowledge of enterprise risk management
     - Train-the-trainer programme for staff members who will be most closely involved with the implementation of the framework

Table 1
United Nations Secretariat risk universe

1. STRATEGIC	2. GOVERNANCE	3. OPERATIONS	3. OPERATIONS (continued)	4. COMPLIANCE
1.1 Planning and resource allocation	**2.1 Governance**	**3.1 Programme management**	**3.4 Support services**	**4.1 Legal**
1.1.1 Vision and mandate	2.1.1 Tone at the top	3.1.1 Advocacy	3.4.1 Funding	4.1.1 Contract
1.1.2 Strategic planning	2.1.2 Secretariat, councils and committees	3.1.2 Outreach activities	3.4.2 Translation and interpretation	4.1.2 Intellectual property
1.1.3 Budgeting	2.1.3 Control environment	3.1.3 Economic and social development	3.4.3 Procurement	4.1.3 Anti-corruption
1.1.4 Budget allocation	2.1.4 Decision-making — General Assembly, Security Council and committees	3.1.4 Conference management	3.4.4 Supplier management	4.1.4 International law
1.1.5 Human resources strategy and planning	2.1.5 Organizational structure	3.1.5 Research, analysis and advisory activities	3.4.5 Asset and inventory management	4.1.5 Privacy
1.1.6 Planning execution and integration	2.1.6 Performance measurement	3.1.6 Policy development	3.4.6 Facilities and real estate management	**4.2 Regulatory**
1.1.7 Organizational synchronization	2.1.7 Performance management	3.1.7 Inter-agency cooperation and liaison activities	3.4.7 Capital master planning	4.2.1 Internal policies and resolutions
1.1.8 Overlapping mandates	2.1.8 Joint inter-agency operation and partnering	**3.2 Mission activities**	3.4.8 Business continuity	4.2.2 United Nations labour relations
1.1.9 Outsourcing	2.1.9 Transparency	3.2.1 International peace and security	3.4.9 Commercial activities	4.2.3 Host country regulations
1.2 Principal organs, members and partners	2.1.10 Leadership and management	3.2.2 Electoral support	3.4.10 Legal aid	
1.2.1 General Assembly and Member States	2.1.11 Accountability	3.2.3 Rule of law	3.4.11 Court management and legal support	**5. FINANCIAL**
1.2.2 Partners, affiliates, agencies and donors	2.1.12 Empowerment	3.2.4 Disaster response and humanitarian assistance	3.4.12 Detention unit management	**5.1 Funding and investments**
1.2.3 Organizational relationships	**2.2 Ethical behaviour**	3.2.5 Mission planning	**3.5 Human resources**	5.1.1 Financial contributions
1.3 Internal and external factors	2.2.1 Ethics	3.2.6 Mission start-up	3.5.1 Resource allocation and availability	5.1.2 Extrabudgetary funding
1.3.1 Political climate — external	2.2.2 Fraud and illegal acts	3.2.7 Mission liquidation	3.5.2 Recruiting, hiring and retention	5.1.3 Trust funds — receipt of cash
1.3.2 Political climate — internal	2.2.3 Conflicts of interest	3.2.8 Logistics	3.5.3 Succession planning and promotion	5.1.4 Trust fund management
1.3.3 Economic factors — commodity prices	2.2.4 Professional conduct and confidentiality	3.2.9 Air, land and sea operations	3.5.4 Conduct and discipline	5.1.5 Donor fund management and reporting
1.3.4 Unique events (i.e., pandemic, election, environmental crisis)	**2.3 Communications and public relations**	3.2.10 Engineering	3.5.5 Development and performance	5.1.6 Cash management
1.3.5 Organizational transformation	2.3.1 Media relations and public information	3.2.11 Communications	3.5.6 Compensation and benefits	5.1.7 Investments
	2.3.2 Crisis communications	3.2.12 Mission staffing	3.5.7 Medical services	5.1.8 Financial markets
	2.3.3 Personnel communications	3.2.13 Mission creep	3.5.8 Safety and security	5.1.9 Insurance
	2.3.4 Broadcast — radio and television	**3.3 International tribunals**	3.5.9 Training	**5.2 Accounting and reporting**
	2.3.5 Technology communication	3.3.1 Investigations and prosecution	3.5.10 Mobility	5.2.1 Financial management and reporting
	2.4 Reputation	3.3.2 Trials and appeals	**3.6 Intellectual property**	5.2.2 General accounting
	2.4.1 Public perception, support and reputation	3.3.3 Witness protection	3.6.1 Knowledge management	5.2.3 Financial controls
	2.4.2 Crisis and contingency planning and management	3.3.4 Completion strategy	3.6.2 Information and document management	5.2.4 Liability management and disbursements
		3.3.5 Residual capacity and activities	**3.7 Information resources and information technology**	5.2.5 Staff tax reimbursements
			3.7.1 IT strategy and system implementation	
			3.7.2 IT security and access	
			3.7.3 IT availability and continuity	
			3.7.4 IT integrity	
			3.7.5 IT infrastructure and systems	

Table 2

United Nations Secretariat scoring criteria for the measurement of impact, likelihood and level of control effectiveness

Impact

		Description of impact						*Recovery*
Score	*Rating*	*Safety and security*	*Duration*	*Organizational and operational scope*	*Reputational impact*	*Impact on operations*	*Financial impact (measured in terms of budget)*	*Required action to recover*
5	Critical	Loss of life (staff, partners, general population)	Potentially irrecoverable impact	**Organization-wide**: inability to continue normal business operations across the Organization.	Reports in key international media for more than one week	Inability to perform mission or operations for more than one month	>5 per cent >$500 million	Requires significant attention and intervention from General Assembly and Member States
4	Significant	Loss of life due to accidents/ non-hostile activities	Recoverable in the long term (i.e., 24-36 months)	**Two (2) or more departments/offices or locations**: significant, ongoing interruptions to business operations within 2 or more departments/ offices or locations	Comments in international media/forum	Disruption in operations for one week or longer	3-5 per cent $300 million-$500 million	Requires attention from senior management
3	High	Injury to United Nations staff, partners and general population	Recoverable in the short term (i.e., 12-24 months)	**One (1) or more departments/offices or locations**: moderate impact within one or more departments/offices or locations	Several external comments within a country	Disruption in operations for less than one week	<2-3 per cent $200 million-$300 million	Requires intervention from middle management
2	Moderate	Loss of infrastructure, equipment or other assets	Temporary (i.e., less than 12 months)	**One (1) department/office or location**: limited impact within department/office or location	Isolated external comments within a country	Moderate disruption to operations	<1-2 per cent $100 million-$200 million	Issues delegated to junior management and staff to resolve
1	Low	Damage to infrastructure, equipment or other assets	Not applicable or limited impact				<1 per cent <$100 million	Not applicable or limited impact

Likelihood

Score	*Rating*	*Certainty*	*Frequency*
5	Expected	>90 percent	At least yearly and/or multiple occurrences within the year
4	Highly likely	<90 per cent	Approximately every 1-3 years
3	Likely	<60 per cent	Approximately every 3-7 years
2	Not likely	<30 per cent	Approximately every 7-10 years
1	Slight	<10 per cent	Every 10 years and beyond or rarely

Control effectiveness

Score	*Rating*	*Description*
5	Effective	Controls are properly designed and operating as intended. Management activities are effective in managing and mitigating risks
4	Limited improvement needed	Controls and/or management activities are properly designed and operating somewhat effectively, with some opportunities for improvement identified
3	Significant improvement needed	Key controls and/or management activities in place, with significant opportunities for improvement identified
2	Ineffective	Limited controls and/or management activities are in place, high level of risk remains. Controls and/or management activities are designed and are somewhat ineffective in efficiently mitigating risk or driving efficiency
1	Highly ineffective	Controls and/or management activities are non-existent or have major deficiencies and do not operate as intended. Controls and/or management activities as designed are highly ineffective in efficiently mitigating risk or driving efficiency

Annex III

Strengthening the accountability mechanisms of the Secretariat in response to the flaws in the United Nations oil-for-food programme

1. In paragraph 9 (k) of its resolution 63/276, the General Assembly requested "an explanation of how the measures to strengthen the Secretariat's accountability mechanisms would address the significant flaws in terms of internal monitoring, inspection and accountability regarding the management of the United Nations oil-for-food programme". The below assessment is prepared in response to that request.

Oversight of the programme

2. Although some of the deficiencies in the programme were outside the control of the Secretariat, the Independent Inquiry Committee, in its reports,[a] identified significant findings and weaknesses which, if addressed, would improve the way the Secretariat conducts business. The present report looks at those weaknesses that are under the purview of the Secretariat.

3. At the outset, the Independent Inquiry Committee acknowledged the fact that the United Nations was faced with extraordinary challenges, including political considerations, in administering the oil-for-food programme. The Committee also noted that the Secretariat was hampered in carrying out its functions under the programme effectively because of the absence of a suitable administrative infrastructure for dealing with the sudden demands of this exceptionally large and complex "temporary" humanitarian programme.

4. The absence of a formal risk management system in the Organization could have contributed to a failure to address issues such the political risk faced by the Organization in administering the programme. Political risk, as a component of residual risks, is addressed within the context of the enterprise risk management framework that is being proposed by the Secretary-General.

Oversight by senior management

Finding

5. The programme suffered from a combination of an unclear reporting structure and lack of supervision from top management and an independent response to and investigation of reports of abuses and corruption in the programme. However, there was no guarantee that more aggressive supervision by top management would have prevented the abuses.

Assessment

6. Although there is no guarantee, the Secretary-General believes that a proactive risk management system would have encouraged closer monitoring of the

[a] Interim report dated 3 February 2005, second interim report, dated 29 March 2005, third interim report, dated 8 August 2005, and report on the management of the oil-for-food programme, dated 7 September 2005 (vols. I, III and IV).

programme and therefore mitigated the weaknesses described. With respect to the unclear reporting structures, clearer lines of delegated authority would have led to a clear reporting structure and associated lines of accountability.

Internal audit

Finding

7. **The Independent Inquiry Committee found that the resources committed to audit of the oil-for-food programme were inadequate and hampered the audit coverage. It also noted that several important aspects of the programme (e.g., functions performed at the Office of the Iraq Programme headquarters and elements of the oil and humanitarian contracts, including price and quality of goods) were not reviewed by internal audit. Although the accounting and financial reporting processes and the results of the administrative (ESD) account were routinely audited by the Board of Auditors, the Internal Audit Division conducted only one internal audit relating to the administrative account.**

Assessment

8. Future programmes of this magnitude would benefit from an independent assessment of the systems and controls that were lacking in the administration of the programme. In addition, steps have already been taken to address the issue of resources for the Office of Internal Oversight Services. The General Assembly, in its resolution 60/1, decided that the expertise, capacity and resources of the Office in respect of audit and investigations would be significantly strengthened.

Finding

9. **Reporting of the Office of Internal Oversight Services to the General Assembly on programme-related matters was unsatisfactory, and reports were not published in a timely manner and in a consistent format.**

Assessment

10. General Assembly resolutions 59/272 on the Office of Internal Oversight Services reporting requirements and 61/275 regarding the terms of reference of the Independent Audit Advisory Committee have helped to enhance accountability in the Organization.

Finding

11. **The Office of Internal Oversight Services did not adequately monitor the implementation of recommendations that had been accepted by management. Similarly, prior to 2002, the Office of the Iraq Programme and the United Nations Office of the Humanitarian Coordinator for Iraq (UNOHCI) did not systematically monitor implementation of audit recommendations.**

Assessment

12. The accountability framework recognizes the need to ensure prompt follow-up to accepted recommendations from oversight bodies. To date, the Management

Committee is responsible for ensuring that these recommendations are fed into the management process.

Finding

13. **The United Nations did not possess adequate means to resolve disputes regarding the activities of the Office of Internal Oversight Services and the scope of its audits. The OIOS Internal Audit Division deviated from "best practices" through its inability to report directly to an audit committee or other independent board, its failure to complete enterprise-wide risk assessments and its lack of budgetary independence.**

Assessment

14. The Office of Internal Oversight Services has since adopted risk-based workplans. OIOIS budgets continue to go through a process similar to that followed by the other departments. The major difference is that OIOS budget proposals are reviewed and analysed by the Independent Audit Advisory Committee, which is an independent body that reports directly to the General Assembly.

Finding

15. **Resources committed to investigations were limited and requests for additional resources from the programme were denied. Due to funding limitations, the approach by the Investigations Division of the Office of Internal Oversight Services in initiating programme reviews was merely reactive rather than proactive. Only limited investigation was undertaken, either due to absence of cooperation by the Iraqi authorities, or due to lack of funding and other resources.**

Assessment

16. It is part of the mandate of the Independent Audit Advisory Committee to review the budgets of the Office of Internal Oversight Services. This process will ensure that resources are adequately provided according to a risk-based approach to management of oversight functions. See also response in paragraph 8 above with respect to resource allocation.

Administration of the programme

Finding

17. **The report noted that the actions of the Executive Director of the Iraq Programme in soliciting oil allocations on behalf of an associate constituted a grave conflict of interest and violated United Nations Staff Regulations and Rules with regard to integrity, impartiality and independence. It further asserted that the Executive Director of the Programme, together with his associates, derived personal pecuniary benefit from the Programme, through the receipt of cash proceeds from the sale of oil allocated to them from Iraq. These parties were aware that illegal surcharges were paid to Iraq in respect of such oil sales, in violation of United Nations sanctions and the rules governing the oil-for-food programme.**

Assessment

18. The United Nations has since established the Ethics Office, which has developed policies related to potential conflicts of interest, financial disclosure and whistle-blower protection. These measures could prevent, or at least mitigate, the recurrence of the cited violations.

Finding

19. **The Secretariat's response to the surcharge and kickback allegations and the oil smuggling activities revealed a pattern of inaction and inadequate disclosure to the Security Council and the Security Council Committee established pursuant to resolution 661 (1990).**

Assessment

20. The proposed accountability instruments envisage building on the already strengthened oversight regime to create a robust oversight function that addresses failures of staff members to perform their duties in accordance with established regulations, rules, policies and procedures.

Finding

21. **Weaknesses in control and oversight contributed to corruption and the United Nations agencies failed to investigate allegations of misappropriation of funds, mismanagement or conflicts of interest.**

Assessment

22. Current accountability instruments affirm that adequate internal controls and a strong, independent oversight capacity are key to sound management.

Finding

23. **There was an apparent absence of follow-up to audit findings and recommendations by management; this was symptomatic of the lack of authority and status for internal audit.**

Assessment

24. Subsequent to the Independent Inquiry Committee report, the Management Committee was established, chaired by the Deputy Secretary-General. One of its main functions is to ensure that recommendations of oversight bodies are effectively fed into the executive management process and that accepted recommendations are implemented in a timely manner. The Management Committee meets on a quarterly basis to review the recommendations of the oversight bodies.

Programme implementation by United Nations agencies

Findings

25. **Although the Independent Inquiry Committee acknowledged that the United Nations agencies achieved crucial successes in the northern governorates in managing a humanitarian crisis and distributing goods and services throughout the region, it also found significant weakness as well. It**

noted that programme implementation by agencies disclosed notable failures because they tackled problems beyond their core competencies, there was insufficient management, coordination and oversight, etc. Agencies also failed to successfully implement projects even though the projects fell within their traditional spheres of competency, resulting in waste of resources and delays in providing aid to the three northern governorates. In addition, the United Nations Secretariat failed to adequately control and supervise the activities of the agencies, and the programme's design did not allow for such control and supervision. In addition, the Secretariat was reluctant to utilize the one tool at its disposal — the control over programme funds — to manage the activities of the agencies. Consequently, the Committee report notes that these weaknesses in control and oversight contributed to corruption and the agencies failed to investigate allegations of misappropriation of funds, mismanagement or conflicts of interest.

Assessment

26. To address these monitoring shortfalls, the Secretary-General is proposing a robust results-based management framework that will focus on achieving results and improving performance, integrating lessons learned into management decisions as well as monitoring and reporting on performance. This progress will be enhanced through the results-based management information system referred to earlier, by establishing the link between objectives, results and resources.

Procurement process

Findings

27. **The Independent Inquiry Committee report noted that the selection process for each of the three United Nations contractors selected in 1996 did not conform to established financial and competitive bidding rules and did not meet reasonable standards of fairness and transparency.**

28. **In one instance, the lowest acceptable bidder was not selected and there was an absence of written justification by an appropriate official to reject the lowest acceptable bidder as required by Financial Rule 110.21. In another instance, the Procurement Division accepted an invalidly amended bid to lower a contractor's contract price. In yet another instance, in contravention of the established rules and procedures, factors other than technical and financial considerations influenced the decision-making in awarding contracts.**

29. **The report further asserted that while an open bidding process did take place, United Nations procurement rules relating to the qualifications of prospective contractors were not appropriately followed: the contractor was not asked to submit a required financial statement and no account was taken of two criminal investigations against the Chief Executive Officer of the prospective contractor. The report also pointed out that one staff member in the Procurement Division provided confidential bid information, internal assessments and selection considerations to a prospective supplier contrary to the provisions of the United Nations Procurement Manual and the Staff Regulations and Rules.**

Assessment

30. In the context of procurement reform, the Secretary-General introduced a number of measures to strengthen internal control and promote ethics, integrity, fairness and transparency in the procurement process, including the establishment of an independent mechanism to review challenges to procurement awards. Together with the current policies on financial disclosure, conflict of interest prevention, whistle-blower protection and an enterprise risk management framework, these measures would prevent, or mitigate, the recurrence of such a situation.

External audit

Findings

31. **Resources committed to audit the programme were inadequate in relation to its size.**

32. **The scope of the audit by the Board of Auditors was narrowly defined, focusing particularly on the accuracy of financial statements, while the internal control environment of programme activity received little attention.**

33. **External audits failed to audit and test some of the programme's most critical areas — including pricing of oil and humanitarian goods — and to assess their impact on the programme's financial statements.**

Assessment

34. The envisaged enterprise risk management approach would help to identify and mitigate risks. The Board of Auditors is an independent body and is solely responsible for the conduct of its audits. However, Regulation 7.4 of the Financial Regulations and Rules of the United Nations (ST/SGB/2003/7) provides that the audits are to be conducted in conformity with generally accepted common auditing standards and subject to any special directions of the General Assembly. Regulation 7.7 further provides that the Advisory Committee on Administrative and Budgetary Questions may request the Board of Auditors to perform certain specific examinations. With a robust enterprise risk management framework, the General Assembly would benefit from the identification of high-risk areas, which could provide additional guidance in identifying areas for possible special audits.